



**HEXIMA LIMITED  
ABN 64 079 319 314**

**INTERIM CONSOLIDATED FINANCIAL REPORT**

**For the six months ended**

**31 December 2015**

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**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**DIRECTORS' REPORT**

The Directors present their report of Hexima Limited ("the Company") for the six months ended 31 December 2015 and the review report thereon.

**DIRECTORS**

The Directors of the Company at any time during or since the end of the interim period are:

**Executive**

Professor Marilyn Anderson AO	Executive Director/Chief Science Officer	Director since 23 November 2010
Dr Nicole van der Weerden	Executive Director/Chief Executive Officer	Director since 16 December 2014

**Non-Executive**

Professor Jonathan West	Non-Executive Chairman	Director since 7 November 2005 Appointed Non Executive Chairman 18 November 2014
Dr John Bedbrook	Non-Executive Director	Director since 3 June 2014
Mr Gordon Black	Non-Executive Director	Director since 18 November 2015
Mr G F Dan O'Brien	Non-Executive Director	Director since 18 November 2015
Mr Steven Skala AO	Non-Executive Director	Director since 17 May 2002 Retired as Director 31 December 2015

**REVIEW OF OPERATIONS**

**Financial**

Hexima's principal activities include the research, development and commercialisation of technology of plant derived proteins and peptides for applications as human therapeutics and for the genetic modification of crops.

As at 31 December 2015, the Group had approximately \$6.03 million in cash and receivables. This equates to approximately two years of funding at the current cash burn rate in the absence of extensive preclinical and clinical costs for the onychomycosis program. The Company intends to proceed with a \$5m rights issue to raise funds to accelerate the onychomycosis project and to proceed with clinical trials. The government's R&D Tax Credit legislation provides Hexima with approximately \$2.3m cash per annum based on current R&D expenditure.

Net cash outflow for the six months was \$2.195 million compared with net cash inflow of \$0.333 million in the prior corresponding period. This is due primarily to the difference in timing of receipt of the R&D Tax Credit funds. The 2013/14 credit was received in December 2014, whilst the 2014/15 credit was received in January 2016.

Hexima recorded a loss of \$0.797 million for the six months ended 31 December 2015, compared to a loss of \$1.491 million for the previous corresponding period. The variance is due primarily to an increase in revenue and a decrease in personnel costs.

Net finance income for the six months ended 31 December 2015 was \$0.136 million compared with \$0.073 million for the previous corresponding period. This result reflects a decrease in interest

DIRECTORS' REPORT

income due to the lower funds on term deposit, offset by foreign exchange gains of \$0.104 million arising from the revaluation of the USD denominated cash at bank.

**Operations**

Activity on the human fungal disease program has increased during 2015 and significant progress has been made toward clinical trials. Hexima has identified the novel antifungal peptide, HXP124, which kills fungal pathogens that cause fungal nail infections (onychomycosis) at low concentrations and penetrates human toenails far more effectively than current marketed products.

During the period Hexima successfully completed large-scale manufacture of HXP124 under Good Manufacturing Practice (GMP) conditions with the Australian company, Pharmasynth. Hexima is conducting formulation optimisation work with the US-based company, Tergus Pharma, and has initiated preliminary toxicology testing of HXP124. Hexima expects pivotal toxicology studies to begin in Q2 2016. Two new patent applications were submitted to cover the use of HXP124 as a treatment for onychomycosis and other human fungal infections.

Excellent progress was made on the insect gene discovery program conducted in collaboration with DuPont Pioneer. Hexima has collected several thousand plant and bacterial samples and screening of these samples for novel insect actives is taking place in Australia and the United States. While the prospective timelines for generating commercial products from this project are long (12-15 years), this work is funded by DuPont Pioneer and does not represent a drain on Hexima's cash reserves.

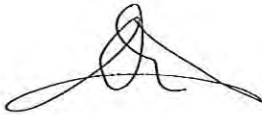
The exclusive agreement with DuPont Pioneer for corn fungal disease expired at the end of December 2015. Significant intellectual property assets were developed during this project and these assets remain the property of Hexima. Several new constructs have been developed that provide protection from fungal infection in greenhouse assays without impacting plant growth. Hexima is assessing options for commercializing this technology with alternative partners. Hexima is continuing to search for a commercial partner for its non-melanoma skin cancer technology and is working with several groups to enhance the penetration of its lead actives through skin.

DIRECTORS' REPORT

**LEAD AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001**

The Lead Auditor's Independence Declaration is set out on page 22 and forms part of the Directors' Report for the six months ended 31 December 2015.

This report is made pursuant to a resolution of the Directors.



Professor Jonathan West  
Director



Professor Marilyn Anderson  
Director

Dated this 23rd day of February 2016

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	<b>Consolidated</b>	
	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Revenue	<u>2,628,164</u>	<u>2,425,455</u>
Research & development expenditure	(2,569,347)	(2,401,906)
Patent expense	(192,184)	(149,139)
Field trial expense	(151,290)	(277,074)
Marketing & development expense	(34,068)	(311,960)
Employee benefits expense	(423,127)	(595,289)
Depreciation expense	(102,326)	(105,946)
Other expenses	<u>(89,473)</u>	<u>(148,542)</u>
	<u>(3,561,815)</u>	<u>(3,989,856)</u>
<b>Results from operating activities</b>	<b>(933,651)</b>	<b>(1,564,401)</b>
Financial income	<u>136,467</u>	<u>73,477</u>
<b>Net financing income</b>	<b><u>136,467</u></b>	<b><u>73,477</u></b>
<b>Loss before income tax</b>	<b>(797,184)</b>	<b>(1,490,924)</b>
Income tax expense	<u>-</u>	<u>-</u>
<b>Loss for the period</b>	<b><u>(797,184)</u></b>	<b><u>(1,490,924)</u></b>
Other comprehensive income for the period, net of income tax	<u>-</u>	<u>-</u>
<b>Total comprehensive (loss) for the period</b>	<b><u>(797,184)</u></b>	<b><u>(1,490,924)</u></b>
<b>Loss attributable to:</b>		
Owners of the Company	<u>(797,184)</u>	<u>(1,490,924)</u>
<b>Loss for the period</b>	<b><u>(797,184)</u></b>	<b><u>(1,490,924)</u></b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	<u>(797,184)</u>	<u>(1,490,924)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(797,184)</u></b>	<b><u>(1,490,924)</u></b>

The accompanying notes form part of these interim financial statements

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	Consolidated	
		31 Dec 2015 \$	30 Jun 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,379,108	3,574,100
Receivables		<u>4,651,086</u>	<u>2,900,959</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>6,030,194</b></u>	<u><b>6,475,059</b></u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		<u>2,107,682</u>	<u>2,162,812</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>2,107,682</b></u>	<u><b>2,162,812</b></u>
<b>TOTAL ASSETS</b>		<u><b>8,137,876</b></u>	<u><b>8,637,871</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,889,598	1,665,839
Employee benefits		<u>184,115</u>	<u>153,173</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>2,073,713</b></u>	<u><b>1,819,012</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>2,073,713</b></u>	<u><b>1,819,012</b></u>
<b>NET ASSETS</b>		<u><b>6,064,163</b></u>	<u><b>6,818,859</b></u>
<b>EQUITY</b>			
Issued capital	8	57,659,831	57,659,831
Reserves		1,200,962	1,158,474
Accumulated losses		<u>(52,796,630)</u>	<u>(51,999,446)</u>
<b>TOTAL EQUITY</b>		<u><b>6,064,163</b></u>	<u><b>6,818,859</b></u>

The accompanying notes form part of these interim financial statements

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>For the six months ended 31 December 2015</i>	Note	Ordinary Shares \$	Equity option reserve \$	Equity compen- sation reserve \$	Accumulated Losses \$	Total equity \$
Opening balance at 1 July 2015		57,659,831	200,000	958,474	(51,999,446)	6,818,860
<b>Total comprehensive (loss) for the period</b>		-	-	-	-	-
Net (loss) for the period		-	-	-	(797,184)	(797,184)
<b>Total comprehensive (loss) for the period</b>		-	-	-	(797,184)	(797,184)
<b>Transactions with owners, recorded directly in equity</b>						
Equity settled share based payment transactions	8	-	-	42,488	-	42,487
<b>Total transaction with owners</b>		-	-	42,488	-	42,487
<b>Balance at 31 December 2015</b>		57,659,831	200,000	1,000,962	(52,796,630)	6,064,163
<i>For the six months ended 31 December 2014</i>	Note	Ordinary Shares \$	Equity option reserve \$	Equity compen- sation reserve \$	Accumulated Losses \$	Total equity \$
Opening balance at 1 July 2014		57,659,831	200,000	886,600	(49,917,139)	8,829,292
<b>Total comprehensive (loss) for the period</b>		-	-	-	-	-
Net (loss) for the period		-	-	-	(1,490,924)	(1,490,924)
<b>Total comprehensive (loss) for the period</b>		-	-	-	(1,490,924)	(1,490,924)
<b>Transactions with owners, recorded directly in equity</b>						
Equity settled share based payment transactions		-	-	70,105	-	70,105
<b>Total transaction with owners</b>		-	-	70,105	-	70,105
<b>Balance at 31 December 2014</b>		57,659,831	200,000	956,705	(51,408,063)	7,408,473

The accompanying notes form part of these interim financial statements



**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from government grants and tax incentive & collaboration agreements	831,979	4,563,673
Cash paid to suppliers and employees	<u>(3,017,028)</u>	<u>(4,308,088)</u>
Net cash from / (used in) operating activities	<u>(2,185,049)</u>	<u>255,585</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	37,253	80,322
Payments for property, plant and equipment	(47,196)	(3,639)
Receipts for property, plant and equipment	<u>-</u>	<u>1,061</u>
Net cash from / (used in) investing activities	<u>(9,943)</u>	<u>77,744</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	(2,194,992)	333,329
Cash and cash equivalents at 1 July	<u>3,574,100</u>	<u>5,044,955</u>
Cash and cash equivalents at 31 December	<u>1,379,108</u>	<u>5,378,284</u>

The accompanying notes form part of these interim financial statements

## Notes to the consolidated interim financial statements for the six months ended 31 December 2015

### 1. REPORTING ENTITY

Hexima Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 4, LIMS 2, LaTrobe University, Melbourne, Victoria, 3086. Hexima is actively engaged in the research and development of technology of plant derived proteins and peptides for applications as human therapeutics and for the genetic modification of crops.

The interim consolidated financial statement as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the consolidated entity or Group).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2015 is available upon request from the Company's registered office at Level 4, LIMS 2, LaTrobe University Melbourne Victoria 3086 or at [www.hexima.com.au](http://www.hexima.com.au).

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated interim financial report has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual consolidated financial report of the consolidated entity as at and for the year ended 30 June 2015.

The consolidated interim financial report was approved by the Board of Directors on 23 February 2016.

#### (b) Going concern basis of accounting

The financial report is prepared on a going concern basis, which contemplates continuity of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of operations. In making this assessment, the directors have considered future events and conditions for a period of at least 12 months following the approval of these financial statements.

The Group has a history of losses and incurred a loss after tax of \$797,184 for the 6 months ended 31 December 2015 (Financial year ended 30 June 2015: loss after tax of \$2,082,307). Given the history of losses and the decrease of cash and cash equivalents over the years, the going concern assumption of the Group is dependent on the continued income from collaboration fees, the R&D tax incentive from the government and the Group's ability to control its expenditures in line with cash resources available.

Notwithstanding the history of operating losses and the decrease in cash and cash equivalents compared to prior years, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis based on the following mitigating factors:

- The Group has sufficient cash and receivables at 31 December 2015 to meet its obligations at that date and for a period of at least 12 months following the approval of these financial statements.

## **Notes to the consolidated interim financial statements for the six months ended 31 December 2015**

### **2. BASIS OF PREPARATION (continued)**

#### **(b) Going concern basis of accounting (continued)**

- The Group has not entered into any long term contractual commitments and its major expenditure (R&D) can be curtailed in line with the cash resources available.
- The Group believes it will successfully raise additional funds of approximately \$5 million in CY2016 from its shareholders to continue its R&D activities.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied by the consolidated entity in these consolidated interim financial statements are the same as those applied by the consolidated entity in its consolidated annual financial statements as at and for the year ended 30 June 2015.

### **4. ESTIMATES**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2015.

### **5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial report as at and for the year ended 30 June 2015.

### **6. SEGMENT REPORTING**

The Company primarily operates in one sector, being the biotechnology industry developing and/or commercialising agricultural and pharmaceutical biotechnology research. The majority of operations are in Australia.

### **7. PLANT AND EQUIPMENT**

#### *Acquisitions*

During the six month period ended 31 December 2015, the consolidated entity acquired assets with a cost of \$47,196.

**Notes to the consolidated interim financial statements for the six months ended 31 December 2015**

**8. CAPITAL AND RESERVES**

<b>Ordinary Shares</b>	<b>Number of Shares</b>	<b>Amount Paid</b> \$
On issue at 1 July 2015	81,180,469	57,659,831
On issue at 31 December 2015 – fully paid	81,180,469	57,659,831

<b>Ordinary Shares</b>	<b>Number of Shares</b>	<b>Amount Paid</b> \$
On issue at 1 July 2014	81,180,469	57,659,831
On issue at 31 December 2014 – fully paid	81,180,469	57,659,831

	<b>Number of options</b>		<b>Amount Paid</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Equity option reserve</b>			<b>\$</b>	<b>\$</b>
On issue at 1 July	125,000	125,000	200,000	200,000
Lapsed during period	125,000	-	-	-
Issued during period at \$0.50 exercise price	-	-	-	-
On issue at 31 December	-	125,000	200,000	200,000

	<b>Number of options</b>		<b>Amount Paid</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(Half Year)</b>	<b>(Full Year)</b>	<b>(Half Year)</b>	<b>(Full Year)</b>
<b>Equity compensation reserve</b>			<b>\$</b>	<b>\$</b>
On issue at 1 July	1,848,000	1,000,000	958,474	886,600
Issued as compensation	2,750,000	1,848,000	42,487	71,874
Lapsed	-	(1,000,000)	-	-
On issue at 31 December	4,598,000	1,848,000	1,000,961	958,474
<b>Total Reserve at 31 December</b>	<b>4,598,000</b>	<b>1,973,000</b>	<b>1,200,961</b>	<b>1,158,474</b>

## Notes to the consolidated interim financial statements for the six months ended 31 December 2015

### 8. CAPITAL AND RESERVES (continued)

No options were exercised for the six months ended 31 December 2015. The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### Equity Compensation Reserve

The equity compensation reserve represents the accumulated amount of share options vested and to be vested to key management personnel and other personnel under compensation schemes.

#### Equity Option Reserve

The equity option reserve comprises the accumulated amount of share options issued to other parties.

#### Terms and conditions of share options

Expiry Date	Exercise Price	Number of Share Options
01 July 2019	\$0.50	508,000
26 August 2019	\$0.50	640,000
18 November 2019	\$0.50	700,000
14 December 2020	\$0.50	2,750,000
		4,598,000

### 9. CONTINGENCIES

#### Guarantee and Indemnification

The consolidated entity (in prior years) had an Institutional Biosafety Committee (IBC) to advise on certain aspects of the Company's field trial applications. The Company has agreed to indemnify, release and forever discharge the members of the IBC from and against any claim or liability, incurred by the members, arising in connection with the conduct of field trials and related applications being undertaken by the Company. The financial exposure from this arrangement is expected to be nil.

**Notes to the consolidated interim financial statements for the six months ended 31 December 2015**

**10. SHARE BASED PAYMENTS**

The terms and conditions of the grants are as follows. All options are to be settled by physical delivery of shares.

<b>Grant date / parties entitled</b>	<b>Number of instruments</b>	<b>Vesting conditions</b>	<b>Contractual life of options</b>
Options granted 1 July 2014 to other personnel	508,000	Vesting immediately	5 years
Options granted 26 August 2014 to key management	640,000	Vesting immediately	5 years
Options granted 18 November 2014 to key management	500,000	Vesting immediately	5 years
Options granted 18 November 2014 to key management	200,000	Vesting 31 December 2016 or on company sale	5 years
Options granted 11 December 2015 to key management	2,750,000	1,500,000 Vesting immediately, 1,250,000 Vesting on 11 Dec 2016	5 years
<b>Total share options</b>	<b>4,598,000</b>		

**Notes to the consolidated interim financial statements for the six months ended 31 December 2015**

**11. RELATED PARTIES**

***Share Options***

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

<b>2015</b>	Held at 1 July 2015	Granted as compen- sation	Exercised	Expired	Held at 31 December 2015	Vested during the period	Vested and exercisable at 31 December 2015
<b>Directors</b>							
Jonathan West	-	1,000,000	-	-	1,000,000	500,000	500,000
Nicole van der Weerden	500,000	500,000	-	-	1,000,000	500,000	1,000,000
Marilyn Anderson AO	500,000	-	-	-	500,000	-	500,000
John Bedbrook	200,000	500,000	-	-	700,000	250,000	250,000
Steven Skala AO	-	250,000	-	-	250,000	250,000	250,000
Gordon Black	-	250,000	-	-	250,000	-	-
G F Dan O'Brien	-	250,000	-	-	250,000	-	-
<b>Key Management</b>							
Elisha Larkin	40,000	-	-	-	40,000	-	40,000
	1,240,000	2,750,000	-	-	3,990,000	1,500,000	2,540,000

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**Notes to the consolidated interim financial statements for the six months ended 31 December 2015**

**11. RELATED PARTIES (continued)**

<b>2014</b>	Held at 1 July 2014	Granted as compensation	Exercised	Expired	Held at 31 December 2014	Vested during the period	Vested and exercisable at 31 December 2014
<b>Directors</b>							
Ross Dobinson	1,000,000	-	-	1,000,000	-	250,000	-
Nicole van der Weerden	-	500,000	-	-	500,000	500,000	500,000
Marilyn Anderson AO	-	500,000	-	-	500,000	500,000	500,000
John Bedbrook	-	200,000	-	-	200,000	-	-
<b>Key Management</b>							
Elisha Larkin	-	40,000	-	-	40,000	40,000	40,000
Mark Hulett	-	100,000	-	-	100,000	100,000	100,000
	1,000,000	1,340,000	-	1,000,000	1,340,000	1,390,000	1,140,000



**Notes to the consolidated interim financial statements for the six months ended 31 December 2015**

**11. RELATED PARTIES (continued)**

***Movement in shares***

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows

<b>2015</b>	Held at 1 July 2015	Purchases	Received on exercise of options	Sales	Held at 31 December 2015
<b>Directors</b>					
Jonathan West	2,000,000	-	-	-	2,000,000
Marilyn Anderson AO	2,381,935	-	-	-	2,381,935
Nicole van der Weerden	9,000	-	-	-	9,000
Steven Skala AO	4,167,467	-	-	-	4,167,467
John Bedbrook	-	-	-	-	-
Gordon Black	-	-	-	-	-
G F Dan O'Brien	4,871,333	-	-	-	4,871,333
	<b>13,429,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,429,735</b>

<b>2014</b>	Held at 1 July 2014	Purchases	Received on exercise of options	Sales	Held at 31 December 2014
<b>Directors</b>					
Ross Dobinson	-	-	-	-	-
Steven Skala AO	4,167,467	-	-	-	4,167,467
Jonathan West	2,000,000	-	-	-	2,000,000
Hugh Morgan AC	6,454,503	-	-	-	6,454,503
Marilyn Anderson AO	2,381,935	-	-	-	2,381,935
Nicole van der Weerden	9,000	-	-	-	9,000
	<b>15,012,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,012,905</b>

**Notes to the consolidated interim financial statements for the six months ended 31 December 2015**

**11. RELATED PARTIES (continued)**

**Other related parties**

Other key management personnel disclosures with the Company

a) Professor Anderson and Dr van der Weerden are employees of La Trobe University. During the course of the six months ended 31 December 2015, amounts (including GST) totalling \$1,726,873 (Dec 2014: \$2,378,054) were paid by Hexima to La Trobe University for research work carried out on behalf of the Company. These transactions were conducted on normal commercial terms. Trade accounts and/or accruals payable to La Trobe University at 31 December 2015 were \$931,360 (Dec 2014: \$1,052,269).

**12. OPERATING LEASES**

**Leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
Less than one year	-	65,064
Between one and five years	-	53,322
	-	<u>118,386</u>

The consolidated entity leases land which houses the glasshouse under an operating lease. The glasshouse which has a written down book value of \$1,661,354 at 31 December 2015 has been built on leased land. The lease rental on the land is at \$10 per annum and this lease expires on 10 December 2018 with an extension, at the Company's option, of 10 years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Hexima Limited ("the Company"):
- (a) the financial statements and notes, set out on pages 6 to 18, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the six month period ended on that date; and
    - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne 23<sup>rd</sup> day of February 2016.

Signed in accordance with a resolution of the Directors:



Professor Jonathan West  
Director



Professor Marilyn Anderson  
Director



## **Independent auditor's review report to the members of Hexima Limited**

### **Report on the financial report**

We have reviewed the accompanying interim financial report of Hexima Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the interim period.

#### *Directors' responsibility for the interim financial report*

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Hexima Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Hexima Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'KPMG', written in a cursive style.

KPMG

A handwritten signature in black ink, appearing to read 'Gordon Sangster', written in a cursive style.

Gordon Sangster  
*Partner*

Melbourne

23 February 2016



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Hexima Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Gordon Sangster  
*Partner*

Melbourne

23 February 2016