



**HEXIMA LIMITED
ABN 64 079 319 314**

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six months ended

31 December 2017

HEXIMA LIMITED
ABN 64 079 319 314

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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 2017 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
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Dr Nicole van der Weerden	Executive Director/Chief Executive Officer	Director since 16 December 2014
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Non-Executive

Professor Jonathan West	Non-Executive Chairman	Director since 7 November 2005 Appointed Non Executive Chairman 18 November 2014
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Dr John Bedbrook	Non-Executive Director	Director since 3 June 2014
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Mr Gordon Black	Non-Executive Director	Director since 18 November 2015
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Mr G F Dan O'Brien	Non-Executive Director	Director since 18 November 2015
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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 2017, the Group had approximately \$6.683 million in cash and receivables. This equates to approximately two years of funding at the current cash burn rate and allowing for clinical trial costs for the onychomycosis program. The government's R&D Tax Credit legislation provides Hexima with approximately \$2.0m cash per annum based on current R&D expenditure. Hexima has obtained an Advanced Finding from AusIndustry confirming that the phase I/IIa clinical trial costs are eligible R&D expenses.

Net cash outflow for the six months was \$0.761 million compared with net cash inflow of \$0.002 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 2015/16 credit was received in September 2016, whilst the 2016/17 credit was received in January 2018.

Hexima recorded a loss of \$0.889 million for the six months ended 31 December 2017, compared to a loss of \$0.891 million for the previous corresponding period. A higher income was generally matched by higher expenses.

Net interest income for the six months ended 31 December 2017 was \$0.006 million compared with \$0.005 million for the previous corresponding period.

DIRECTORS' REPORT

Operations

Hexima's antifungal technology has been the major focus for 2017 as it presents the most likely source of increased shareholder value in the short to medium term. In the short term, Hexima is focusing its resources on the development of its lead antifungal molecule, HXP124, as a treatment for onychomycosis (fungal nail infections). Preclinical data indicates that HXP124 has multiple advantages over current onychomycosis therapies, in particular the ability to rapidly penetrate the nail when applied topically and the ability to kill cells faster and at lower concentrations than current drugs.

During the period Hexima obtained Human Research Ethics Committee approval to conduct a phase 1/2a clinical trial of HXP124 in patients with fungal nail infections. Hexima's first-in-human clinical trial will be a dose escalation study of HXP124 which will be applied topically to patients with mild to moderate onychomycosis (fungal nail infection). Patients will apply HXP124 at a strength of 0.5%, 1% or 2% daily for 6 weeks. The primary endpoint of the study is to assess the safety and tolerability of HXP124. Secondary endpoints will include assessment of clear nail growth and looking for clearance of fungi from the nail over a period of 3-12 months. As this is a first-in-human study, patient numbers will be low, and consequently statistically significant efficacy data will be difficult to obtain. However, the results should provide valuable information about the safety of HXP124 and potentially the ability of HXP124 to treat fungal nail infections and will inform the design of further phase II efficacy trials. Patient recruitment commenced in December 2017 and the first patients were dosed in January 2018.

Discussions are ongoing with several Japanese pharmaceutical companies regarding licencing HXP124 for the treatment of onychomycosis in Japan. These discussions will continue over the coming year and licence negotiations will commence once clinical data is available.

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.

Subsequent event

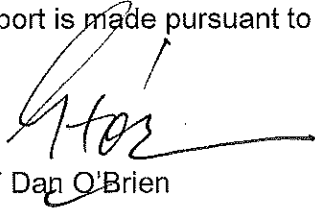
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

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 2017.

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



Mr GF Dan O'Brien
Director



Professor Marilyn Anderson
Director

Dated this 22nd day of February 2018

HEXIMA LIMITED
ABN 64 079 319 314

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Consolidated	
	31 Dec	31 Dec
	2017	2016
	\$	\$
Revenue	<u>2,468,420</u>	<u>2,299,395</u>
Research & development expenditure	(2,511,965)	(2,390,641)
Patent expense	(282,977)	(300,729)
Marketing & development expense	(31,136)	(33,021)
Employee benefits expense	(242,356)	(268,620)
Depreciation expense	(91,417)	(97,944)
Other expenses	<u>(172,599)</u>	<u>(116,501)</u>
	<u>(3,332,450)</u>	<u>(3,207,456)</u>
Results from operating activities	(864,030)	(908,061)
Finance (loss) / income	<u>(25,084)</u>	<u>16,591</u>
Net financing income	(25,084)	16,591
Loss before income tax	(889,114)	(891,470)
Income tax expense	<u>-</u>	<u>-</u>
Loss for the period	<u>(889,114)</u>	<u>(891,470)</u>
Other comprehensive income for the period, net of income tax	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>(889,114)</u>	<u>(891,470)</u>
Loss attributable to:		
Owners of the Company	<u>(889,114)</u>	<u>(891,470)</u>
Loss for the period	<u>(889,114)</u>	<u>(891,470)</u>
Total comprehensive loss attributable to:		
Owners of the Company	<u>(889,114)</u>	<u>(891,470)</u>
Total comprehensive loss for the period	<u>(889,114)</u>	<u>(891,470)</u>

The accompanying notes form part of these interim financial statements

HEXIMA LIMITED
ABN 64 079 319 314

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Consolidated	
Notes	31 Dec 2017 \$	30 Jun 2017 \$
CURRENT ASSETS		
Cash and cash equivalents	3,369,115	4,160,840
Receivables	3,313,755	2,363,236
TOTAL CURRENT ASSETS	6,682,870	6,524,076
NON-CURRENT ASSETS		
Plant and equipment	1,694,458	1,784,631
TOTAL NON-CURRENT ASSETS	1,694,458	1,784,631
TOTAL ASSETS	8,377,328	8,308,707
CURRENT LIABILITIES		
Trade and other payables	2,624,609	1,699,219
Employee benefits	173,509	169,879
TOTAL CURRENT LIABILITIES	2,798,118	1,869,098
TOTAL LIABILITIES	2,798,118	1,869,098
NET ASSETS	5,579,210	6,439,609
EQUITY		
Issued capital	8 61,556,496	61,556,496
Reserves	706,484	677,769
Accumulated losses	(56,683,770)	(55,794,656)
TOTAL EQUITY	5,579,210	6,439,609

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 2017</i>	Note	Ordinary Shares \$	Equity option reserve \$	Equity compensation reserve \$	Capital Raising Reserve \$	Accumulated Losses \$	Total equity \$
Opening balance at 1 July 2017		61,556,496	200,000	1,057,137	(579,368)	(55,794,656)	6,439,609
Net (loss) for the period		-	-	-	-	(889,114)	(889,114)
Total comprehensive (loss) for the period		-	-	-	-	(889,114)	(889,114)
Transactions with owners recorded directly in equity							
Capital raising costs		-	-	-	(750)	-	(750)
Equity settled share based payment transactions	8	-	-	29,465	-	-	29,465
Total transaction with owners		-	-	29,465	(750)	-	28,715
Balance at 31 December 2017		61,556,496	200,000	1,086,602	(580,118)	(56,683,770)	5,579,210
<i>For the six months ended 31 December 2016</i>							
<i>For the six months ended 31 December 2016</i>	Note	Ordinary Shares \$	Equity option reserve \$	Equity compensation reserve \$	Capital Raising Reserve \$	Accumulated Losses \$	Total equity \$
Opening balance at 1 July 2016		57,659,831	200,000	1,018,724	(43,201)	(53,938,454)	4,896,900
Net (loss) for the period		-	-	-	-	(891,470)	(891,470)
Total comprehensive (loss) for the period		-	-	-	-	(891,470)	(891,470)
Transactions with owners, recorded directly in equity							
Capital raising costs		-	-	-	(63,602)	-	(63,602)
Equity settled share based payment transactions	8	-	-	16,104	-	-	16,104
Total transaction with owners		-	-	16,104	(63,602)	-	(47,498)
Balance at 31 December 2016		57,659,831	200,000	1,034,828	(106,803)	(54,829,924)	3,957,932

HEXIMA LIMITED
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The accompanying notes form part of these interim financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from government grants, tax incentive & collaboration agreements	1,447,980	3,433,647
Cash paid to suppliers and employees	<u>(2,212,628)</u>	<u>(3,373,281)</u>
Net cash from / (used in) operating activities	<u>(764,648)</u>	<u>60,366</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,914	5,280
Payments for property, plant and equipment	(1,244)	-
Receipts for property, plant and equipment	<u>-</u>	<u>-</u>
Net cash from / (used in) investing activities	4,670	5,280
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for capital raising	<u>(750)</u>	<u>(63,602)</u>
Net cash from financing activities	<u>(750)</u>	<u>(63,602)</u>
Net increase / (decrease) in cash and cash equivalents	(760,728)	2,044
Effect on movements in exchange rates on foreign currency denominated cash at bank	(30,997)	22,196
Cash and cash equivalents at 1 July	<u>4,160,840</u>	<u>2,053,804</u>
Cash and cash equivalents at 31 December	<u><u>3,369,115</u></u>	<u><u>2,078,044</u></u>

The accompanying notes form part of these interim financial statements

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, La Trobe 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 2017 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 2017 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.

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 2017.

The consolidated interim financial report was approved by the Board of Directors on 22nd February 2018.

(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 \$889,114 for the 6 months ended 31 December 2017 (Financial year ended 30 June 2017: loss after tax of \$1,856,202). 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 2017 to meet its obligations at that date and expects to do so for a period of at least 12 months following the approval of these financial statements.

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.

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 2017.

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 2017.

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 2017.

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 2017, the consolidated entity acquire assets totalling \$1,244.

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8. CAPITAL AND RESERVES

Ordinary Shares	Number of Shares	Amount Paid \$
On issue at 1 July 2017	129,888,789	61,556,496
On issue at 31 December 2017 – fully paid	129,888,789	61,556,496

Ordinary Shares	Number of Shares	Amount Paid \$
On issue at 1 July 2016	81,180,469	57,659,831
On issue at 31 December 2016 – fully paid	81,180,469	57,659,831

	Number of options		Amount Paid	
	2017	2016	2017 \$	2016 \$
Equity option reserve				
On issue at 1 July	-	-	200,000	200,000
Lapsed during period	-	-	-	-
Issued during period at \$0.50 exercise price	-	-	-	-
On issue at 31 December	-	-	200,000	200,000

	Number of options		Amount Paid	
	2017 (Half Year)	2016 (Full Year)	2017 (Half Year) \$	2016 (Full Year) \$
Equity compensation reserve				
On issue at 1 July	8,548,000	1,848,000	1,257,137	958,474
Issued as compensation	-	2,750,000	29,465	60,250
Lapsed	-	-	-	-
On issue at 31 December	8,548,000	4,598,000	1,086,602	1,018,274
Total Reserve at 31 December	8,548,000	4,598,000	1,286,602	1,218,274

8. CAPITAL AND RESERVES (continued)

No options were exercised for the six months ended 31 December 2017. 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
31 December 2022	\$0.20	1,250,000
12 February 2022	\$0.08	2,600,000
12 February 2022	\$0.10	100,000
		8,548,000

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.

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.

Grant date / parties entitled	Number of instruments	Vesting conditions	Contractual life of options
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
Options granted 12 February 2017 to key management	1,250,000	Vesting 31 December 2017	5 years
Options granted 12 February 2017 to key management	100,000	Vesting 31 December 2017	5 years
Options granted 12 February 2017	2,600,000	Vesting on successful completion of deal hurdle	5 years
Total share options	8,548,000		

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:

2017	Held at 1 July 2017	Granted as compen- sation	Exercised	Expired	Held at 31 December 2017	Vested during the period	Vested and exercisable at 31 December 2017
Directors							
Jonathan West	1,500,000	-	-	-	1,500,000	500,000	1,500,000
Nicole van der Weerden	2,000,000	-	-	-	2,000,000	-	1,000,000
Marilyn Anderson AO	1,000,000	-	-	-	1,000,000	-	500,000
John Bedbrook	1,950,000	-	-	-	1,950,000	250,000	950,000
Gordon Black	500,000	-	-	-	500,000	250,000	500,000
G F Dan O'Brien	500,000	-	-	-	500,000	250,000	500,000
Key Management							
Elisha Larkin	140,000	-	-	-	140,000	-	40,000
	7,590,000	-	-	-	7,590,000	1,250,000	4,990,000

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11. RELATED PARTIES (continued)

2016	Held at 1 July 2016	Granted as compen- sation	Exercised	Expired	Held at 31 December 2016	Vested during the period	Vested and exercisable at 31 December 2016
Directors							
Jonathan West	1,000,000	-	-	-	1,000,000	500,000	1,000,000
Nicole van der Weerden	1,000,000	-	-	-	1,000,000	-	1,000,000
Marilyn Anderson AO	500,000	-	-	-	500,000	-	500,000
John Bedbrook	700,000	-	-	-	700,000	450,000	700,000
Gordon Black	250,000	-	-	-	250,000	250,000	250,000
G F Dan O'Brien	250,000	-	-	-	250,000	250,000	250,000
Key Management							
Elisha Larkin	40,000	-	-	-	40,000	-	40,000
	3,740,000	-	-	-	3,740,000	1,450,000	3,740,000

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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

2017	Held at 1 July 2017	Purchases	Received on exercise of options	Sales	Held at 31 December 2017
Directors					
Jonathan West	3,200,000	-	-	-	3,200,000
Marilyn Anderson AO	3,811,096	-	-	-	3,811,096
Nicole van der Weerden	214,400	-	-	-	214,400
John Bedbrook	500,000	-	-	-	500,000
Gordon Black	-	-	-	-	-
G F Dan O'Brien	15,023,394	12,500	-	-	15,035,894
	22,748,890	12,500	-	-	22,761,390

2016	Held at 1 July 2016	Purchases	Received on exercise of options	Sales	Held at 31 December 2016
Directors					
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
John Bedbrook	-	-	-	-	-
Gordon Black	-	-	-	-	-
G F Dan O'Brien	4,871,333	-	-	-	4,871,333
	9,262,268	-	-	-	9,262,268

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 2017, amounts (including GST) totalling \$942,198 (Dec 2016: \$1,621,992) 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 2017 (excluding GST) were \$1,455,969 (Dec 2016: \$734,212).

12. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
	2017	2016
Less than one year	-	-
Between one and five years	-	-
	<hr/>	<hr/>
	-	-

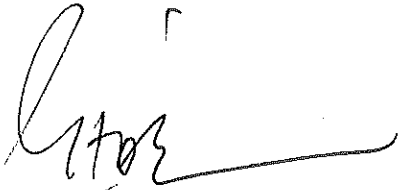
The consolidated entity leases land which houses the glasshouse under an operating lease. The glasshouse which has a written down book value of \$1,539,494 at 31 December 2016 has been built on leased land. The lease rental on the land is at \$10 per annum and this lease expires on 10 December 2018 with 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 2017 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 22nd day of February 2018.

Signed in accordance with a resolution of the Directors:



Mr GF Dan O'Brien
Director



Professor Marilyn Anderson
Director



Independent Auditor's Review Report

To the members of Hexima Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Hexima Limited.

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:

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of 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*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2017.
- 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.
- The Directors' Declaration.

The **Group** comprises Hexima Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2017.



Responsibilities of the Directors 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*
- 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 for the review of the Interim Financial Report

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 2017 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 Period 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.

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

KPMG

Gordon Sangster
Partner
Melbourne
22 February 2018



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 of Hexima Limited for the half-year ended 31 December 2017 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
22 February 2018