

**HEXIMA**

Hexima Limited ABN 64 079 319 314

Half Year Report – Appendix 4D
For the six months ended 31 December 2010**Results for announcement to the market**

	31 Dec 2010 \$000	31 Dec 2009 \$000	% Movt
Revenue	462	452	2.2%
Net profit/(loss) before financing income/expense	(3,691)	(3,577)	(3.2%)
Net financing income/(costs)	627	521	20.3%
Income tax expense	-	-	-
Loss after tax from ordinary activities attributable to members	(3,064)	(3,057)	(0.2%)
Net loss attributable to members	(3,064)	(3,057)	(0.2%)
Dividends	NIL	NIL	-
Net tangible assets per share (cents)	25.2	33.0	(23.6%)

Nm = Not meaningful

Commentary on Results
Financial

Hexima's principal activity comprises research, development and commercialisation of technology for the genetic modification of crops, primarily to enhance their resistance to insects and fungal pathogens. The Company seeks to commercialise its technology platforms in partnership with global and key seed companies.

As at 31 December 2010, Hexima had approximately \$20 million in cash (and interest receivable). This equates to approximately three years of funding.

Net cash usage for the six months was \$3.179 million compared with \$4.694 million in the prior corresponding period. This reflects lower capital expenditure of \$1.3 million as the construction of the Company's new glasshouse facility was completed in early 2010 and a reduction in net cash used in operating activities resulting largely from timing differences.

Hexima recorded a loss of \$3.064 million for the six months ended 31 December 2010, in line with the loss of \$3.057 million for the previous corresponding period. Revenue was largely unchanged at \$0.462 million for the six months compared with \$0.452 million for the previous corresponding period. Operating Expenditure increased slightly from \$4.029 million in the prior corresponding period to \$4.145 million in the period ending 31 December 2010. This resulted from higher R&D expenditure due to the expansion of the Company's R&D programs when the fungal resistance initiative reached the glasshouse testing phase, offset by lower corporate expenses.

Net finance income for the six months ended 31 December 2010 was \$0.627 million compared with \$0.521 million for the previous corresponding period, reflecting both higher interest rates.

Shareholders will be aware that the introduction of the Government's proposed R&D Tax Credit legislation could benefit the Company. This legislation has not yet been passed.

As noted at the last Annual General Meeting, the Company is pursuing delisting from the ASX.

Operations

The Company's technology programs have advanced steadily over the past six months. Glasshouse testing of the Company's lead fungal resistance technology is progressing. We are routinely producing transgenic corn at the Company's corn transformation facility, based at La Trobe University. Bioassays to test the effectiveness of the Company's anti-fungal proteins in transgenic plants have commenced in earnest. The production of transgenic corn plants is increasing to incorporate the testing of additional antifungal proteins that have already been identified by the Company's Research and Discovery team.

As part of the fungal resistance program we are investigating the use of multiple proteins to protect crops against a broad range of fungal pathogens. The Company has now generated transgenic corn plants using its proprietary MGEV enabling technology which are expressing more than one antifungal protein. We believe the MGEV technology will play an important role in the development of traits that require multiple proteins. Two major seed companies (DuPont/Pioneer and Monsanto) have entered into research licences to test the MGEV technology and we continue to see strong interest in its commercial use.

The Company is conducting field trials of a first generation, single protein fungal resistance technology in cotton in the Darling Downs region of Queensland. Earlier field trials of the Company's fungal resistance technology delivered strong results in the cotton cultivar Coker, which is a variety used for testing but which has poor natural disease resistance. The current field trials aim to test the effectiveness of the single protein technology in cotton varieties specifically bred for fungal tolerance. These field trials have not been affected by the recent floods and cyclone in Queensland to date. Disease resistance and yield will be assessed at the end of the trial in May.

Fungal diseases continue to affect global food production. These diseases are expected to increase as regulatory agencies restrict the volume and type of fungicides that can be used in agricultural production. This increases our confidence that a solution to the yield losses caused by fungal disease should remain a key priority for the Company.

The Company's insect program, which is partly funded by the Federal Government's Climate Ready program, has identified and characterised new molecules for insect resistance. Under this program, Hexima is investigating combinations of proteins using a different mode of action and/or targeting different pests to those targeted by existing products.