HEXIMA LIMITED
ABN 64 079 319 314

INTERIM CONSOLIDATED FINANCIAL REPORT

For the six months ended

31 December 2010

HEXIMA LIMITED
ABN 64 079 319 314

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HEXIMA LIMITED
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DIRECTORS' REPORT

The Directors present their report of Hexima Limited ("the Company") for the six months ended 31 December 2010 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		
Mr Ross Dobinson	Executive Chairman	Director since 21 July 2010
Professor Marilyn A Anderson	Executive Director/Chief Science Officer	Director since 23 November 2010
Non-Executive		
Mr Steven M Skala AO	Non-Executive Director	Non-Executive Chairman until 21 July 2010, Director since 17 May 2002
Mr Hugh M Morgan AC	Non-Executive Director	Director since 10 May 2007
Professor Jonathan West	Non-Executive Director	Director since 7 November 2005
Professor Adrienne E Clarke AC	Non-Executive Director	Director since 15 November 2001, Retired 23 November 2010
Mr Joshua T Hofheimer	Non-Executive Director Formerly Chief Executive Officer/Managing Director	Director since 1 July 2008,Resigned as Chief Executive Officer / Managing Director 1 July 2010, Resigned as non-executive Director 23 November 2010

REVIEW OF OPERATIONS

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 $4.153 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.

DIRECTORS' REPORT

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'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.

LEAD AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 370C OF THE CORPORATIONS ACT 2001

The Lead Auditor's Independence Declaration is set out on page 21 and forms part of the Directors' Report for the six months ended 31 December 2010.

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

Mr Ross Dobinson
Director

Mr Hugh M Morgan
Director

Dated this 22nd day of February 2011

HEXIMA LIMITED
ABN 64 079 319 314

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Consolidated	
	31 Dec 2010 $	31 Dec 2009 $
Revenue	462,340	452,232
Research & development expenditure	(2,586,854)	(1,904,347)
Patent expense	(130,692)	(256,891)
Field trial expense	(55,047)	(56,204)
Marketing & development expense	(363,797)	(250,060)
Employee benefits expense	(678,564)	(1,269,858)
Depreciation expense	(123,620)	(44,545)
Other expenses	(214,481)	(247,507)
	(4,153,055)	(4,029,412)
Results from operating activities	**(3,690,715)**	**(3,577,180)**
Financial income	627,054	520,581
Financial expense	-	-
Net financing income	**627,054**	**520,581**
Loss before income tax	**(3,063,661)**	**(3,056,599)**
Income tax expense	-	-
Loss for the period	**(3,063,661)**	**(3,056,599)**
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive (loss) for the period	**(3,063,661)**	**(3,056,599)**
Loss attributable to:		
Owners of the Company	(3,063,661)	(3,056,599)
Loss for the period	**(3,063,661)**	**(3,056,599)**
Total comprehensive loss attributable to:		
Owners of the Company	(3,063,661)	(3,056,599)
Total comprehensive loss for the period	**(3,063,661)**	**(3,056,599)**
Earnings per share		
Basic earnings/(loss) per share	(0.038)	(0.039)
Diluted earnings/(loss) per share	(0.038)	(0.039)

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 2010 $	30 June 2010 $
CURRENT ASSETS			
Cash and cash equivalents		19,507,022	22,686,174
Receivables		693,301	485,808
TOTAL CURRENT ASSETS		**20,200,323**	**23,171,982**
NON-CURRENT ASSETS			
Plant and equipment		2,929,517	2,906,278
TOTAL NON-CURRENT ASSETS		**2,929,517**	**2,906,278**
TOTAL ASSETS		**23,129,840**	**26,078,260**
CURRENT LIABILITIES			
Trade and other payables		2,622,217	2,432,591
Employee benefits		115,637	198,564
TOTAL CURRENT LIABILITIES		**2,737,854**	**2,631,155**
TOTAL LIABILITIES		**2,737,854**	**2,631,155**
NET ASSETS		**20,391,986**	**23,447,105**
EQUITY			
Issued capital	8	57,659,830	57,659,830
Reserves		894,310	885,768
Accumulated losses		(38,162,154)	(35,098,493)
TOTAL EQUITY		**20,391,986**	**23,447,105**

The accompanying notes form part of these interim financial statements

HEXIMA LIMITED
ABN 64 079 319 314

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010	Note	Ordinary Shares $	Equity option reserve $	Equity compen-sation reserve $	Accumulated Losses $	Total equity $
2010						
Opening balance at 1 July 2010		57,659,830	200,000	685,768	(35,098,493)	23,447,105
Total comprehensive (loss) for the period						
Net (loss) for the period		-	-	-	(3,063,661)	(3,063,661)
Total comprehensive (loss) for the period		-	-	-	(3,063,661)	(3,063,661)
Transactions with owners, recorded directly in equity						
Equity settled share based payment transactions	8	-	-	8,542	-	8,542
Issue of ordinary shares	8	-	-	-	-	-
Total transaction with owners		-	-	8,542	-	8,542
Balance at 31 December 2010		57,659,830	200,000	694,310	(38,162,154)	20,391,986

For the six months ended 31 December 2009	Note	Ordinary Shares $	Equity option reserve $	Equity compen-sation reserve $	Accumulated Losses $	Total equity $
2009						
Opening balance at 1 July 2009		57,198,035	200,000	418,975	(28,979,515)	28,837,495
Total comprehensive (loss) for the period						
Net (loss) for the period		-	-	-	(3,056,599)	(3,056,599)
Total comprehensive (loss) for the period		-	-	-	(3,056,599)	(3,056,599)
Transactions with owners, recorded directly in equity						
Equity settled share based payment transactions	8	-	-	202,692	-	202,692
Issue of ordinary shares	8	461,795	-	-	-	461,795
Total transaction with owners		461,795	-	202,692	-	664,487
Balance at 31 December 2009		57,659,830	200,000	621,667	(32,036,114)	26,445,383

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 2010

	Consolidated	
	31 Dec 2010 $	31 Dec 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from government grants & collaboration agreements	462,340	208
Cash paid to suppliers and employees	(4,214,715)	(4,235,909)
Net cash (used in) operating activities	(3,752,375)	(4,235,701)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	696,557	479,098
Payments for property, plant and equipment	(123,334)	(1,335,981)
Net cash from / (used in) investing activities	573,223	(856,883)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of options	-	398,000
Net cash from financing activities	-	398,000
Net increase / (decrease) in cash and cash equivalents	(3,179,152)	(4,694,584)
Cash and cash equivalents at 1 July	22,686,174	30,200,685
Cash and cash equivalents at 31 December	19,507,022	25,506,101

The accompanying notes form part of these interim financial statements

Notes to the consolidated interim financial statements for the six months ended 31 December 2010

1. REPORTING ENTITY

Hexima Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 1, 379 Collins Street, Melbourne, Victoria, 3000. Hexima is an agribusiness company actively engaged in the research and development of technology for the protection and enhancement of commercial crops, primarily to enhance their resistance to insects and fungal pathogens.

The interim consolidated financial statement as at and for the six months ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the consolidated entity).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2010 is available upon request from the Company's registered office at Level 1, 379 Collins Street, Melbourne Victoria 3000 or at www.hexima.com.au.

2. 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 2010.

The consolidated interim financial report was approved by the Board of Directors on 22 February 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by consolidated entity in these interim consolidated interim financial statements are the same as those applied by consolidated entity in its consolidated annual financial statements as at and for the year ended 30 June 2010.

Changes in accounting policies

Presentation of transactions recognised in other comprehensive income
From 1 July 2010 the consolidated entity has applied amendments to AASB 101 Presentation *of Financial Statements* outlined in AASB 2010-4 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project.* The change in accounting policy only relates to disclosures and had no impact on consolidated earnings per share or net income. The changes allow the consolidated entity to disclose transactions recognised in other comprehensive income in the note to the interim financial report. There has been no impact on disclosures in the interim financial statements for the six months period ended 31 December 2010 as a result of applying the above amendment.

Notes to the consolidated interim financial statements for the six months ended 31 December 2010

4. ESTIMATES

The preparation of 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 2010.

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 2010.

6. SEGMENT REPORTING

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

7. PLANT AND EQUIPMENT

Acquisitions
During the six month period ended 31 December 2010, the Consolidated entity acquired assets with a cost of $0.146m. The costs relate to the glasshouse facility at La Trobe and additional research equipment.

There were no disposals in the six month period ended 31 December 2010.

8. CAPITAL AND RESERVES

Ordinary Shares	**Number of Shares**	**Amount Paid $**
On issue at 1 July 2010	80,059,470	57,659,830
Exercise of 1,000,000 options at $0.00 per option	1,000,000	-
On issue at 31 December 2010 – fully paid	81,059,470	57,659,830

Notes to the consolidated interim financial statements for the six months ended 31 December 2010

8. CAPITAL AND RESERVES (continued)

Ordinary Shares	Number of Shares	Amount Paid $
On issue at 1 July 2009	78,576,308	57,198,035
Exercise of 928,425 options at $0.31 per option	928,425	287,811
Exercise of 300,000 options at $0.50 per option	300,000	150,000
Exercise of 154,737 options at $0.155 per option	154,737	23,984
Exercise of 100,000 options at $0.00 per option	100,000	-
On issue at 31 December 2009 – fully paid	80,059,470	57,659,830

	Number of options		Amount	
	2010	2009	2010	2009
Equity option reserve			$	$
On issue at 1 July	1,600,000	2,400,000	200,000	200,000
On issue at 31 December	1,600,000	2,400,000	200,000	200,000

	Number of options		Amount	
	2010	2009	2010	2009
Equity compensation reserve			$	$
On issue at 1 July	3,132,000	9,284,864	685,768	418,975
Issued as compensation	1,000,000	-	8,542	202,692
Share options – expired	(2,000,000)	(4,669,702)*	-	-
Exercise of share options	(1,000,000)	(1,483,162)*	-	-
On issue at 31 December	1,132,000	3,132,000	694,310	621,667

* - Includes options that were held by key management personnel, non-key management personnel and other parties

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.

Notes to the consolidated interim financial statements for the six months ended 31 December 2010

8. CAPITAL AND RESERVES (continued)

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
30 June 2012	$2.00	1,600,000
16 May 2013	$0.00	112,000
24 November 2018	$0.00	20,000
Four tranches, where tranche 1 expires on 15 November 2016, tranche 2 expires on 15 November 2017, tranche 3 expires on 15 November 2018 and tranche 4 expires on 15 November 2019	$0.50	1,000,000
		2,732,000

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 2010

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 to third parties for R&D Collaboration on 29 June 2007	1,600,000	Past services, immediate vesting	5 yrs
Options granted to employees on 16 May 2008	112,000	Past services, immediate vesting	5 yrs
Options granted to key management on 24 November 2008	20,000	Past services, immediate vesting	10 yrs
Options granted to key management (Executive Chairman) on 1 December 2010	1,000,000	250,000 in four tranches where a tranche of options will vest on each of the first four anniversaries from 15 November 2010	Tranche 1 – 5.96 yrs Tranche 2 – 6.96 yrs Tranche 3 – 7.96 yrs Tranche 4 – 8.96 yrs
Total share options	**2,732,000**		

Details of inputs used in the binomial approximation option pricing model in respect of share options granted to an employee (Mr Ross Dobinson - Executive Chairman) during the six months ended 31 December 2010 are as follows:

Fair value of share options and assumptions	2010			
	Tranche 1 $	Tranche 2 $	Tranche 3 $	Tranche 4 $
Fair value at grant date	38,933	49,030	56,508	62,625
Share price	0.35	0.35	0.35	0.35
Exercise price	0.50	0.50	0.50	0.50
Expected volatility	98.31%	98.31%	98.31%	98.31%
Option life	5.96 yrs	6.96 yrs	7.96yrs	8.96yrs
Expected dividends	Nil	Nil	Nil	Nil
Risk-free interest rate	5.05%	5.05%	5.05%	5.05%

Notes to the consolidated interim financial statements for the six months ended 31 December 2010

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:

2010	Held at 1 July 2010	Granted as compen-sation	Exercised	Expired	Held at 31 December 2010	Vested during the year	Vested and exercisable at 31 December 2010
Directors							
Ross Dobinson[1,]	-	1,000,000	-	-	1,000,000	-	-
Steven M Skala	-	-	-	-			
Jonathan West	-	-	-	-	-	-	-
Hugh M Morgan	-	-	-	-	-	-	-
Adrienne E Clarke [1]	-	-	-	-	-	-	-
Joshua T Hofheimer [1]	3,000,000	-	1,000,000	2,000,000	-	-	-
Marilyn A Anderson [1]	-	-	-	-	-	-	-
Executives							
Robyn L Heath	-	-	-	-	-	-	-
Justine C Heath	20,000	-	-	-	20,000	-	20,000
	3,020,000	1,000,000	1,000,000	2,000,000	1,020,000	-	20,000

[1] Board changes during period – Mr Dobinson appointed 21 July 2010, Professor Clarke retired 23 November 2010, Mr Hofheimer resigned 23 November 2010 and Professor Anderson appointed 23 November 2010.

2009	Held at 1 July 2009	Granted as compen-sation	Exercised	Expired	Held at 31 December 2009	Vested during the year	Vested and exercisable at 31 December 2009
Directors							
Steven M Skala	1,057,768	-	154,737	903,031	-	-	-
Jonathan West	300,000	-	-	300,000	-	-	-
Hugh M Morgan	303,031	-	-	303,031	-	-	-
Adrienne E Clarke	1,096,971	-	-	1,096,971	-	-	-
GF Dan O'Brien*	1,231,456	-	928,425	303,031	-	-	-
Joshua T Hofheimer	3,000,000	-	-	-	3,000,000	-	-
Executives							
Marilyn A Anderson	500,000	-	-	500,000	-	-	-
Robyn L Heath	500,000	-	-	500,000	-	-	-
Justine C Heath	20,000	-	-	-	20,000	-	20,000
	8,009,226	-	1,083,162	3,906,064	3,020,000	-	20,000

*Mr O'Brien resigned as a Director of the Company on 2 October 2009

Notes to the consolidated interim financial statements for the six months ended 31 December 2010

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

2010	Held at 1 July 2010	Purchases	Received on exercise of options	Held at 31 December 2010
Directors				
Ross Dobinson*	-	-	-	-
Steven M Skala	4,167,467	-	-	4,167,467
Jonathan West	1,611,702	388,298	-	2,000,000
Hugh M Morgan	6,454,503	-	-	6,454,503
Adrienne E Clarke*	5,417,919	-	-	5,417,919
Joshua T Hofheimer*	50,000	-	1,000,000	1,050,000
Marilyn A Anderson*	2,381,935	-	-	2,381,935
Executives				
Robyn L Heath	2,381,935	-	-	2,381,935
	22,465,461	388,298	1,000,000	23,853,759

*Board changes during period - Mr Dobinson appointed 21 July 2010, Professor Clarke retired 23 November 2010, Mr Hofheimer resigned 23 November 2010 and Professor Anderson appointed 23 November 2010.

2009	Held at 1 July 2009	Purchases	Received on conversion of converting notes	Received on exercise of options	Sales	Held at 31 December 2009
Directors						
Steven M Skala	4,012,730	-	-	154,737	-	4,167,467
Jonathan West	1,611,702	-	-	-	-	1,611,702
Hugh M Morgan	6,454,503	-	-	-	-	6,454,503
Adrienne E Clarke	5,417,919	-	-	-	-	5,417,919
GF Dan O'Brien*	4,844,768	26,807	-	928,425	(800,000)	5,000,000
Joshua Hofheimer	50,000	-	-	-	-	50,000
Executives						
Marilyn Anderson	2,381,935	-	-	-	-	2,381,935
Robyn Heath	2,381,935	-	-	-	-	2,381,935
	27,155,492	26,807	-	1,083,162	(800,000)	27,465,461

*Mr O'Brien resigned as a Director of the Company on 2 October 2009

Notes to the consolidated interim financial statements for the six months ended 31 December 2010

11. RELATED PARTIES (continued)

Other related parties

Other key management personnel disclosures with the Company

a) Professor Clarke is associated with, and Dr Heath was an employee of, The University of Melbourne during the six months ended 31 December 2010. During the course of the six months ended 31 December 2010, amounts (including GST) totalling $1,088,944 (Dec 2009: $992,242) were paid or payable by Hexima to The University of Melbourne for research work carried out on behalf of Hexima. These transactions were conducted on normal commercial terms. Trade accounts and/or accruals payable to The University of Melbourne at 31 December 2010 were $1,039,446 (Dec 2009: $535,483).

b) Professor Anderson is an employee of La Trobe University. During the course of the six months ended 31 December 2010, amounts (including GST) totalling $1,448,087 (Dec 2009: $918,667) were paid or payable 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 2010 were $1,316,442 (Dec 2009: $861,148).

c) Mr Skala is a consultant to Arnold Bloch Leibler. Mr Skala retired as a partner of Arnold Bloch Leibler in 2004. An amount (including GST) of $11,690 (Dec 2009: $25,091) was paid to Arnold Bloch Leibler during the six months ended 31 December 2010 for legal services (and expenses associated therewith) provided to Hexima. These services were provided and expenses incurred on normal commercial terms. Trade accounts and/or accruals payable to Arnold Bloch Leibler at 31 December 2010 were $NIL (Dec 2009: $3,542).

d) Mr Hofheimer was previously a partner of Sidley Austin LLP. An amount of $NIL (Dec 2009: $27,054) was paid to Sidley Austin during the six months ended 31 December 2010 for legal services (and expenses associated therewith) provided to Hexima. These transactions were on normal commercial terms.

e) Mr O'Brien was the sole director of Dromoland Capital Pty Limited. An amount (including GST) of $NIL (Dec 2009: $27,752) was paid or provided to be paid to this entity during the six months ended 31 December 2010 for services provided to Hexima. These transactions were conducted on normal commercial terms. Trade accounts and/or accruals payable to Dromoland Capital Pty Limited at 31 December 2010 were $NIL (Dec 2009: $NIL).

Notes to the consolidated interim financial statements for the six months ended 31 December 2010

12. CAPITAL COMMITMENTS

	Consolidated	
	2010	2009
	$	$
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for and payable		
Within one year	-	762,662
	-	762,662

The capital commitment is in relation to the construction of a corn transformation facility, incorporating glasshouse and laboratory space, by the consolidated entity.

13. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
	2010	2009
	$	$
Less than one year	89,699	95,442
Between one and five years	4,712	3,800
	94,411	99,242

The consolidated entity leases office premises and land which houses the glass house under an operating lease. The glasshouse which has a written down book value of $2,216,270 at 31 December 2010 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 5 to 17, 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 2010 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 2011.

Signed in accordance with a resolution of the Directors:

Mr Ross Dobinson
Director

Mr Hugh M Morgan
Director

KPMG

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 interim consolidated statement of comprehensive income, interim consolidated statement of financial position as at 31 December 2010, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the interim period ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity 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 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 consolidated entity's financial position as at 31 December 2010 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 consolidated entity's financial position as at 31 December 2010 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.

KPMG

KPMG

Gordon Sangster
Partner

Melbourne
22 February 2011

KPMG

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 six month period ended 31 December 2010 there have been:

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

KPMG

KPMG

Gordon Sangster
Partner

Melbourne
22 February 2011