

**HEXIMA LIMITED**



**INTERIM CONSOLIDATED  
FINANCIAL REPORT**

For the six months ended 31 December 2018

**2018**

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## DIRECTORS' REPORT

The Directors present their report of Hexima Limited ("the Company") for the six months ended 31 December 2018 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 Resigned as Director 17 July 2018
Mr G F Dan O'Brien	Non-Executive Director	Director since 18 November 2015
Mr Justin Yap	Non-Executive Director	Director since 17 July 2018
Mr Scott Robertson	Non-Executive Director	Director since 21 November 2018

### REVIEW OF OPERATIONS

#### Financial

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

As at 31 December 2018, the Group had approximately \$3.263 million in cash and receivables. This will enable the Group to meet its liabilities at that date. 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 \$0.102 million compared with net cash outflow of \$0.761 million in the prior corresponding period. There are two major reasons for this variance including the timing of the receipt of the R&D tax credit (2017/18 credit received October 2018, 2016/17 credit received January 2018), along with the timing of the payment of a quarterly La Trobe invoice. Both were large variances offsetting each other.

Hexima recorded a loss of \$0.919 million for the six months ended 31 December 2018, compared to a loss of \$0.889 million for the previous corresponding period.

Net interest income for the six months ended 31 December 2018 was \$0.009 million compared with \$0.006 million for the previous corresponding period.

## **DIRECTORS' REPORT**

### **Operations**

In 2018 Hexima made great progress towards developing its first product, a topical treatment for onychomycosis, or fungal nail infection, successfully completing a Phase I/IIa clinical trial. Hexima now has preclinical and clinical data to indicate HXP124 is safe and has multiple advantages over current onychomycosis therapies. These include the ability to rapidly penetrate the nail when applied topically and the ability to kill cells faster and at lower concentrations than current drugs. This could translate to a product with superior cure rates and a much shorter treatment time for patients, and supports further development of HXP124.

The phase I/IIa clinical trial was a dose escalation study of HXP124 applied topically to patients with mild to moderate onychomycosis once daily for six weeks. The main purpose of the study was to assess the safety and tolerability of HXP124 in patients with onychomycosis. Secondary endpoints included assessment of clear nail growth and looking for clearance of fungi from the nail over a period of 3-12 months to determine whether HXP124 might be effective and likely to be superior to other products on the market.

The dosing phase of this study has been completed with a total of 48 patients being treated with either HXP124 (36 patients) or Placebo (12 patients, using the same formulation as the HXP124 group but without the active peptide). After dosing, patients were monitored for a further 6 weeks (12 weeks total).

Part 1 of the study was a dose escalation stage to test the safety of HXP124 at increasing doses on a total of 18 patients. The results of Part 1 demonstrated that HXP124 is safe when applied topically, that it is an effective treatment for onychomycosis and that it is likely to be superior to the current gold standard treatment (efinaconazole).

Part 2 of the study tested the high dose (2% HXP124) in an additional 30 patients. All patients have now completed their 12-week follow up and the early results from Part 2 again look positive and largely consistent with Part 1. Complete Part 2 results are expected to be released in the coming weeks.

Operational activities also continued during the period to support the clinical and commercial development of HXP124. This work included key stability studies to support the shelf-life of the HXP124 formulation as well as the development of a new yeast production strain for HXP124 which will lower the cost of goods. This work will continue in 2019 to support further clinical studies.

Hexima is now moving towards the next stage of development for HXP124, Phase IIb/III clinical trials to be carried out under the regulation of the US Food and Drug Authority (FDA). The Company expects to commence Phase IIb in H1 2019-2020. To fund this development the Company is undertaking two capital raising rounds in 2019. The first, a private placement of circa AUD\$3m expected to close in April 2019, is intended to fund the commencement of the Phase IIb trial whilst the Company completes a major round of circa US\$25m. This round, to be carried out in the US, is expected to close in late 2019 and is intended to fund HXP124 through to the completion of Phase III. The Company is in the final stages of appointing a US investment bank with significant experience in the Life Science sector to manage the round.

Hexima also strengthened its Board during the period with the appointment of Scott Robertson and Justin Yap. Mr Robertson is a US based life science executive with extensive experience in technology licensing and capital raising. Mr Yap is an executive and major investor in the life science space in Australia. The Company has also shortlisted a number of highly qualified candidates to fill the new role of Chief Medical Officer to head up the next round of clinical trials.

Excellent progress was made on the insect gene discovery program conducted in collaboration with DuPont Pioneer, which was extended for a year until December 2019. 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.

DIRECTORS' REPORT

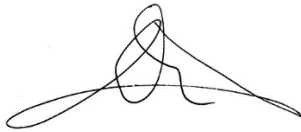
**Subsequent event**

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.

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

The Lead Auditor's Independence Declaration is set out on page 23 and forms part of the Directors' Report for the six months ended 31 December 2018.

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



Professor Jonathan West  
Director



Dr Nicole Van der Weerden  
Director

Dated this 12<sup>th</sup> day of March 2019

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017 \$</b>
Revenue	2,185,053	2,468,420
Research & development expenditure	(2,459,589)	(2,511,965)
Patent expense	(110,585)	(282,977)
Marketing & development expense	(29,010)	(31,136)
Employee benefits expense	(364,535)	(242,356)
Depreciation expense	(88,835)	(91,417)
Other expenses	(101,319)	(172,599)
	<u>(3,153,873)</u>	<u>(3,332,450)</u>
<b>Results from operating activities</b>	<b>(968,820)</b>	<b>(864,030)</b>
Finance (loss) / income	49,695	(25,084)
<b>Net financing income</b>	<b>49,695</b>	<b>(25,084)</b>
<b>Loss before income tax</b>	<b>(919,126)</b>	<b>(889,114)</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(919,126)</b>	<b>(889,114)</b>
Other comprehensive income for the period, net of income tax	-	-
<b>Total comprehensive loss for the period</b>	<b>(919,126)</b>	<b>(889,114)</b>
<b>Loss attributable to:</b>		
Owners of the Company	(919,126)	(889,114)
<b>Loss for the period</b>	<b>(919,126)</b>	<b>(889,114)</b>
Total comprehensive loss attributable to:		
Owners of the Company	(919,126)	(889,114)
<b>Total comprehensive loss for the period</b>	<b>(919,126)</b>	<b>(889,114)</b>

The accompanying notes form part of these interim financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated	
	Notes	31 Dec 2018 \$	30 Jun 2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,854,517	1,916,417
Receivables		1,408,459	3,065,069
<b>TOTAL CURRENT ASSETS</b>		<b>3,262,976</b>	<b>4,981,486</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		1,519,112	1,607,947
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,519,112</b>	<b>1,607,947</b>
<b>TOTAL ASSETS</b>		<b>4,782,088</b>	<b>6,589,433</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		826,806	1,846,917
Employee benefits		235,774	174,001
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,062,580</b>	<b>2,020,918</b>
<b>TOTAL LIABILITIES</b>		<b>1,062,580</b>	<b>2,020,918</b>
<b>NET ASSETS</b>		<b>3,719,508</b>	<b>4,568,515</b>
<b>EQUITY</b>			
Issued capital	7	60,976,378	60,976,378
Reserves		1,408,140	1,338,021
Accumulated losses		(58,665,010)	(57,745,884)
<b>TOTAL EQUITY</b>		<b>3,719,508</b>	<b>4,568,515</b>

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 2018</i>	Note	Ordinary Shares	Equity option reserve	Equity compensation reserve	Capital Raising Reserve	Accumulated Losses	Total equity
		\$	\$	\$	\$	\$	\$
Opening balance at 1 July 2018		60,976,378	200,000	1,138,021	-	(57,745,884)	4,568,515
Net (loss) for the period		-	-	-	-	(919,126)	(919,126)
<b>Total comprehensive (loss) for the period</b>		-	-	-	-	<b>(919,126)</b>	<b>(919,126)</b>
<b>Transactions with owners recorded directly in equity</b>							
Capital raising costs		-	-	-	-	-	-
Equity settled share based payment transactions	7	-	-	70,119	-	-	70,119
<b>Total transaction with owners</b>		-	-	70,119	-	-	70,119
<b>Balance at 31 December 2018</b>		<b>60,976,378</b>	<b>200,000</b>	<b>1,208,140</b>	<b>-</b>	<b>(58,665,010)</b>	<b>3,719,508</b>

<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)
<b>Total comprehensive (loss) for the period</b>		-	-	-	-	<b>(889,114)</b>	<b>(889,114)</b>
<b>Transactions with owners recorded directly in equity</b>							
Capital raising costs		-	-	-	(750)	-	(750)
Equity settled share based payment transactions	7	-	-	29,465	-	-	29,465
<b>Total transaction with owners</b>		-	-	29,465	(750)	-	28,715
<b>Balance at 31 December 2017</b>		<b>61,556,496</b>	<b>200,000</b>	<b>1,086,602</b>	<b>(580,118)</b>	<b>(56,683,770)</b>	<b>5,579,210</b>

The accompanying notes form part of these interim financial statements



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from government grants, tax incentive & collaboration agreements	3,166,713	1,447,980
Cash paid to suppliers and employees	(3,278,307)	(2,212,628)
Net cash from / (used in) operating activities	(111,594)	(764,648)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	9,367	5,914
Payments for property, plant and equipment	-	(1,244)
Net cash from / (used in) investing activities	9,367	4,670
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid for capital raising	-	(750)
Net cash from financing activities	-	(750)
Net increase / (decrease) in cash and cash equivalents	(102,227)	(760,728)
Effect on movements in exchange rates on foreign currency denominated cash at bank	40,327	(30,997)
Cash and cash equivalents at 1 July	1,916,417	4,160,840
Cash and cash equivalents at 31 December	1,854,517	3,369,115

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, development and commercialisation of plant derived proteins and peptides for applications as human therapeutics.

The interim consolidated financial statement as at and for the six months ended 31 December 2018 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 2018 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 2018.

The consolidated interim financial report was approved by the Board of Directors on 12<sup>th</sup> March 2019.

This is the first set of the Group’s financial statements where AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers have been applied. Changes to significant accounting policies are described in Note 12.

### (b) Going concern basis of accounting

For the interim period ended 31 December 2018, the Group incurred an operating net loss of \$919,126 (2017: \$889,114) and net cash outflows from operating activities of \$111,594 (2017: \$764,648).

The ability of the Group to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business for a period of at least twelve months from the date of approval of these interim financial statements.

In determining that the going concern assumption is appropriate, the directors have had regard to:

- The Group has sufficient cash and receivables at 31 December 2018 to meet its obligations at that date.
- 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 has indicated it has the ability to negotiate creditor settlement terms and related funding to assist in meeting short term liquidity shortfalls.
- The Group intends to raise capital via a private placement of circa AUD\$3m which is expected to close in April 2019 and a major round of circa US\$25m to be carried out in the US, which is expected to close in late 2019.

The Group's ability to continue to operate as a going concern is dependent upon the items listed above. The conditions give rise to a material uncertainty as to whether the Group will be able to continue as a going concern and therefore should the Group be unable to continue as a going concern it may be required to realise assets at an amount different to that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise.

#### **SIGNIFICANT ACCOUNTING POLICIES**

Except as described in Note 12, 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 2018.

### **3. 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 2018.

### **4. 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 2018.

### **5. SEGMENT REPORTING**

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

### **6. PLANT AND EQUIPMENT**

#### *Acquisitions*

During the six month period ended 31 December 2018, the consolidated entity acquired assets totalling \$0.

7. CAPITAL AND RESERVES

Ordinary Shares	Number of Shares	Amount Paid \$
On Issue at 1 July 2018	129,888,789	60,976,378
On issue at 31 December 2018 – fully paid	129,888,789	60,976,378

Ordinary Shares	Number of Shares	Amount Paid \$
On Issue at 1 July 2017	129,888,789	60,976,378
On issue at 31 December 2017 – fully paid	129,888,789	60,976,378

Equity option reserve	Number of options		2018 \$	2017 \$
	2018	2017		
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

Equity compensation reserve	Number of options		2019 (Half Year) \$	2018 (Full Year) \$
	2019 (Half Year)	2018 (Full Year)		
On issue at period beginning	10,507,000	8,548,000	1,138,021	1,057,137
Issued as compensation	125,000	1,959,000	70,119	80,884
Lapsed	(125,000)	-	-	-
On issue at period end	10,507,000	10,507,000	1,208,140	1,138,021
<b>Total Reserve at period end</b>	<b>10,507,000</b>	<b>10,507,000</b>	<b>1,208,140</b>	<b>1,138,021</b>

## 7. CAPITAL AND RESERVES (continued)

No options were exercised for the six months ended 31 December 2018. 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
11 December 2020	\$0.50	2,750,000
31 December 2022	\$0.20	1,250,000
12 February 2022	\$0.08	2,600,000
15 February 2022	\$0.10	100,000
01 January 2023	\$0.20	1,759,000
31 December 2022	\$0.20	200,000
		10,507,000

## 8. 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.

## 9. 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	540,000	Vesting immediately	5 years
Options granted 26 August 2014 to other personnel	100,000	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 15 February 2017 to other personnel	100,000	Vesting 31 December 2018	5 years
Options granted 12 February 2017	2,600,000	Vesting on successful completion of deal hurdle	5 years
Options granted 1 January 2018	1,125,000	Vesting 31 December 2018	5 years
Options granted 1 January 2018	364,000	Vested 1 <sup>st</sup> January 2018	5 years
Options granted 1 January 2018	145,000	Vesting upon completion and delivery of deliverables	5 years
Options granted 1 January 2018	100,000	Vesting upon completion and delivery of deliverables on 30 June 2019	5 years
Options granted 15 February 2018	100,000	Vesting upon completion and delivery of deliverables on 30 June 2019	5 years
Options granted 7 July 2018	125,000	Vesting 31 December 2018	5 years
<b>Total share options</b>	<b>10,507,000</b>		

**10. 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>2018</b>	Held at 1 July 2018	Granted as compen- sation	Exercised	Expired	Lapsed	Held at 31 December 2018	Vested during the period	Vested and exercisable at 31 December 2018
<b>Directors</b>								
Jonathan West	2,000,000					2,000,000	500,000	2,000,000
Nicole van der Weerden	2,000,000					2,000,000	250,000	1,250,000
Marilyn Anderson AO	1,000,000					1,000,000	125,000	625,000
John Bedbrook	2,200,000					2,200,000	250,000	1,200,000
Gordon Black	750,000				125,000	625,000	125,000	625,000
G F Dan O'Brien	750,000					750,000	250,000	750,000
Justin Yap	-	125,000				125,000	125,000	125,000
Scott Robertson	100,000					100,000	-	-
<b>Key Management</b>								
Elisha Larkin	140,000					140,000	25,000	65,000
	8,840,000					8,840,000	1,650,000	6,640,000

10. RELATED PARTIES (continued)

Share Options (continued)

2017	Held at 1 July 2017	Granted as compen- sation	Exercised	Expired	Lapsed	Held at 31 December 2017	Vested during the period	Vested and exercisable at 31 December 2017
<b>Directors</b>								
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
<b>Key Management</b>								
Elisha Larkin	140,000	-	-	-	-	140,000	-	40,000
	7,590,000	-	-	-	-	7,590,000	1,250,000	4,990,000



**10. 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>2018</b>	Held at 1 July 2018	Purchases	Received on exercise of options	Sales	Held at 31 December 2018
<b>Directors</b>					
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 <sup>(1)</sup>	-	-	-	-	-
G F Dan O'Brien	15,035,894	-	-	-	15,035,894
Justin Yap <sup>(2)</sup>	-	-	-	-	-
Scott Robertson <sup>(3)</sup>	-	-	-	-	-
Elisha Larkin	115,142	-	-	-	115,142
	22,876,532	-	-	-	22,876,532

<b>2017</b>	Held at 1 July 2017	Purchases	Received on exercise of options	Sales	Held at 31 December 2017
<b>Directors</b>					
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
Elisha Larkin	115,142	-	-	-	115,142
	22,864,032	12,500	-	-	22,876,532

## 10. RELATED PARTIES (continued)

- (1) Gordon Black resigned as a Director 17 July 2018
- (2) Justin Yap was appointed as a Director 17 July 2018
- (3) Scott Robertson was appointed as a Director 21 November 2018

### 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 2018, amounts (including GST) totalling \$1,650,282 (Dec 2017: \$942,198) 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 2018 (excluding GST) were \$683,963 (Dec 2017: \$1,455,969).

## 11. OPERATING LEASES

### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
	2018	2017
Less than one year	-	-
Between one and five years	-	-
	-	-

The consolidated entity leases land which houses the glasshouse under an operating lease. The glasshouse which has a written down book value of \$1,295,950 at 31 December 2018 has been built on leased land. The lease rental on the land is at \$1 per annum and this lease expires on 10 December 2028.

## 12. Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2019.

The Group has initially adopted AASB 15 *Revenue from Contracts with Customers* (see Note 14) and AASB 9 *Financial Instruments* from 1 July 2018. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Group's financial statements.

There has been no impact as a result of adopting both AASB 15 and AASB 9.

## 13. Revenue

	<b>Consolidated</b>	
	<b>For the 6 months ended 31 December 2018</b>	<b>For the 6 months ended 31 December 2017</b>
Grants - Other	114,926	163,342
Government Grant - R&D Tax Incentive	1,183,398	1,169,347
Rental income	203,800	200,000
Collaboration and Service fees	682,929	1,033,307
	<b>2,185,053</b>	<b>2,565,996</b>

Timing of revenue recognition:

	<b>For the 6 months ended 31 December 2018</b>	<b>For the 6 months ended 31 December 2017</b>
Services transferred at a point in time	114,926	163,342
Services transferred over time	682,929	1,033,307
	<b>797,855</b>	<b>1,196,649</b>

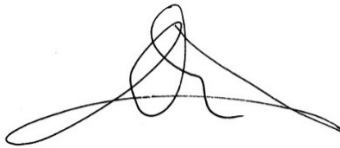
The contracts with customers all have expiry dates of less than 12 months from 31 December 2018. Revenue relating to services rendered over time was subject to a 5 year contract that expired in the 6 months ended 31 December 2018.

**DIRECTORS' DECLARATION**

- 1) In the opinion of the Directors of Hexima Limited ("the Company"):
- a) the interim consolidated financial statements and notes, set out on pages 6 to 19, 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 2018 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 12<sup>th</sup> day of March 2019.

Signed in accordance with a resolution of the Directors:



Professor Jonathan West  
Director



Dr Nicole van der Weerden  
Director



# Independent Auditor's Review Report

To the shareholders 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 2018 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 2018.
- 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 14 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 for the 6 months ended on 31 December 2018.

## Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 2(b), "Going Concern" in the Interim Financial Report. The conditions disclosed in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.



## 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*.
- 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 Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year 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 2018 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.

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

KPMG

Gordon Sangster  
Partner

Melbourne  
12 March 2019



# 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 2018 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  
12 March 2019