

**H E X I M A**

Hexima Limited ABN 64 079 319 314

Half Year Report – Appendix 4D
For the six months ended 31 December 2009**Results for announcement to the market**

	31 Dec 2009 \$000	31 Dec 2008 \$000	% Movt
Revenue	452	408	10.8%
Net profit/(loss) before financing income/expense	(3,577)	(9,849)	63.7%
Net financing income/(costs)	521	1,336	(61.0%)
Income tax expense	-	-	-
Loss after tax from ordinary activities attributable to members	(3,057)	(8,512)	64.1%
Net loss attributable to members	(3,057)	(8,512)	64.1%
Dividends	NIL	NIL	-
Net tangible assets per share (cents)	35.5	39.9	(11.0%)

Nm = Not meaningful

Commentary on Results**Financial**

Hexima is a development stage company with a number of technologies at different points in the development process. As at 31 December 2009, Hexima had approximately \$26 million in cash (and interest receivable), which equates to more than three years of funding.

Net cash usage for the six months was \$4.694 million compared with \$3.734 million (excluding financing activities) in the prior corresponding period. The increase in cash outflow results primarily from higher capital expenditure of \$1.3 million relating to the construction of a new glasshouse facility to house the Company's anti-fungal corn program.

Hexima recorded a loss of \$3.057 million for the six months ended 31 December 2009, compared with a loss of \$8.512 million for the previous corresponding period. Excluding net finance expense and income tax expense, the loss from operating activities for the six months was \$3.577 million, compared with \$9.849 million for the previous corresponding period. The loss of \$9.849 million in 2008 includes a non-cash research and development expense of \$6.0 million relating to the acquisition of intellectual property assets from Pioneer Hi-Bred International, the consideration for which was the issue of 4,000,000 ordinary shares at \$1.50 per share. Revenue was largely unchanged at \$0.452 million for the six months compared with \$0.408 million for the previous corresponding period.

Excluding the impact of the prior period non-cash research and development expense and the impact of the one-off capital expenditure, the Company's results from operating activities were largely in line with the prior period.

Net finance income for the six months ended 31 December 2009 was \$0.521 million compared with \$1.336 million for the previous corresponding period, reflecting both lower interest rates and the drawdown of funds to meet expenditure.

The draft R&D tax credit legislation, proposed for introduction in the 2010/11 financial year, will greatly enhance Hexima's cash position.

Operations

Progress over the first year of the 2009/10 financial year has proceeded in line with the Company's expectations. Achievements for the half year include:

- Recognition of achievement of all technical milestones in the review of the first year of the Pioneer collaboration;
- Commissioning of Hexima's new corn transformation facility provides capacity for fungal disease program to move into glasshouse testing
- Completion of third year of successful fungal resistance cotton field trials;
- Execution of a research licence for the MGEV enabling technology with Pioneer Hi-Bred International (Pioneer) for use outside the disease collaboration;
- Execution of a research licence with Monsanto Company for the MGEV technology to assess its effectiveness in facilitating the expression and processing of multiple genes of interest in corn, soy and other plant species; and
- Extension of the human applications program due to promising initial results.

Progress on the Pioneer collaboration has been pleasing. Since entering an agreement with Pioneer in August 2008, Hexima has progressed efficiently in the development of fungal resistant GM corn. Over the past six months, Hexima's team has focused on reaching the first program milestone. A number of effective anti-fungal proteins have been identified for use against key corn pathogens and are ready for assessment in transgenic plants. As a result of the program's two-way transfer of technology, Hexima's scientists have expanded their transformation skills into corn. Hexima has completed the development of a corn transformation facility at La Trobe University's R&D Park and the Company is now preparing to scale up its production of transgenic corn plants to test the efficacy and agronomic performance of plants expressing the target proteins.

Hexima aims to commercialise the MGEV enabling technology through a broad licensing strategy. The execution of research licences with Pioneer and Monsanto will play an important role in further evaluating the technology's use in a range of commercial applications and in ensuring the visibility of Hexima's technology platforms in the industry.

Future

Hexima continues to invest in its research and development programs with the aim of demonstrating enhanced shareholder value as the Company reaches milestones defined within the Pioneer fungal disease agreement and works towards developing and commercialising its insect and enabling technology platforms.