

**HEXIMA**

Hexima Limited ABN 64 079 319 314

Half Year Report – Appendix 4D
For the six months ended 31 December 2007**Results for announcement to the market**

	31 Dec 2007 \$000	31 Dec 2006 \$000	% Movt
Revenue	461	229	101.3%
Net profit/(loss) before financing income/expense	(2,580)	(1,292)	(99.7%)
Net financing income/(costs)	1,055	(8,470)	Nm
Income tax expense	(788)	-	Nm
Loss after tax from ordinary activities attributable to members	(2,313)	(9,762)	76.3%
Net loss attributable to members	(2,313)	(9,762)	76.3%
Dividends	NIL	NIL	-
Net tangible assets per share (cents)	47.2	(32.2)	Nm

Nm = Not meaningful

Commentary on Results

Hexima successfully completed an Initial Public Offering, raising \$40 million prior to expenses, and listed on the ASX in August 2007.

The Company recorded a loss of \$2.313 million for the six months ended 31 December 2007, compared with a loss of \$9.762 million for the previous corresponding period.

Excluding net finance expense and income tax expense, the loss from operating activities for the six months was \$2.580 million, compared with \$1.292 million for the previous corresponding period.

This resulted from a general increase in expenditure, reflecting the expansion of the Company's activities in researching, developing and commercialising its technologies, as well as the expenses of establishing the administrative capacity for a listed company, only partially offset by an increase in revenue from collaborations and government grants.

Net finance income for the six months ended 31 December 2007 was \$1.055 million compared with a net loss of \$8.470 million for the previous corresponding period.

The finance income earned in the current period reflects the interest earned on the capital raised in the Initial Public Offering. Included in the previous corresponding period was finance expense of \$8.484 million, which was largely attributable to a non-cash accounting entry required to be made in accordance with AIFRS to reflect the net fair value adjustment on a converting note derivative.

Income tax expense of \$0.788 million was incurred in the six months ended 31 December 2007, representing the temporary timing difference related to the transaction costs on the issue of share capital. No deferred tax asset was recognised as it is not certain that future taxable profit will be available against which the Company can utilise the benefits therefrom.

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