

Dear Shareholders,

This has been another challenging but significant year for Benitec. Benitec's recovery from its low point in July last year continues to be a work in progress.

Since April 2006, when the Board was restructured, the strategic review delivered a turnaround plan focused on delivering improved shareholder value in 2007 and beyond. We are now well into the implementation phase of this plan.

Some of the major achievements in the 2007 financial year included:

- A major reduction in cash burn;
- The reestablishment of the business in Australia and appointment of high calibre management team;
- The recapitalisation of the Company with a Non Renounceable Rights Issue which raised \$5.3 million;

- The execution of the Sigma Aldrich Pfizer Research Use Only agreement to utilise Benitec technology;
- The City of Hope project - with the IND filed in January 07 and first Human trial commenced in June 07;
- The renegotiation of terms with CSIRO to achieve a more equitable agreement and to improve opportunities for collaboration moving forward;
- The strengthening of our relationship with Promega;
- The out-licensing of the Hepatitis C project to Tacere Therapeutics, Inc. in the US;
- Improved shareholder communication;
- An improvement in the share price from 2 cents to 10 cents - increasing the market cap from a low of \$4 million; and
- The appointment of world class Scientific Advisory Board.

We have continued to be very active since June and the following has been accomplished:

- The US District Court's decision to dismiss the Nucleonics, Inc. appeal and the subsequent denial of the Nucleonics petition to the US Federal Circuit for rehearing and rehearing en Banc;
- The conversion of both the loan from Chris Bremner and the Promega Convertible Note into equity, demonstrating strong support from two of the Company's major shareholders; and
- The major roadshow to Europe and the US, which included a number of presentations to both potential investors and major international conferences.

In the past few months, we have successfully strengthened the Benitec team. In July, our CEO Sue MacLeman was appointed a Director of the Company in recognition of the significant contribution she has made and continues to make to Benitec. Recently Mel Bridges joined the Board as a Non-Executive Director. Mel is well known for his outstanding successful contribution to the Australian biotech sector and we look forward to reaping the benefits of his substantial industry knowledge and experience.

In October, we were also successful in obtaining the services of Dr Jason Smythe as Chief Scientific Officer. Jason has an extremely impressive international CV and we are excited to have him on board.

Sue MacLeman and her team have made significant progress in the past year and are committed to continuing the rebuilding of your Company.

In summary, the past year has seen a major improvement in the fortunes of the Company and we look forward to taking Benitec to the next level in the forthcoming year. My fellow Directors and I would like to take this opportunity to thank our loyal shareholders for their ongoing support.

Peter Francis

Chairman