

PRELIMINARY HALF YEAR REPORT FOR THE PERIOD ENDING 31 DECEMBER 2007

The following information is provided to the ASX under listing rule 4.2A.3.

1. REPORTING PERIOD

The financial information contained in this report is for the half-year ended 31 December 2007. Comparative amounts are for the half-year ended 31 December 2006.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | | Change | % Change | to | \$A'000 |
|-------|--|---|----------|----|---------|
| 2.1 | Revenue from ordinary activities | up | 45.0% | to | 403 |
| 2.1.1 | (Loss) from ordinary activities after tax attributable to members. | up | 22.3% | to | (1,069) |
| 2.2 | Net (loss) for the period attributable to members. | up | 22.3% | to | (1,069) |
| 2.3 | The amount per security and franked amount per security of final and interim dividends | No dividends were declared or paid during the year. | | | |
| 2.4 | A brief explanation of any of the figures in 2.1 to 2.3 necessary to enable the figures to be understood | Refer to commentary below | | | |

3. COMMENTARY ON RESULTS FOR THE PERIOD

Benitec's net loss for the half year to 31 December 2007 was \$1,068,922 compared to a net loss of \$873,816 for the previous corresponding period. Operating revenue grew to \$403,025 from \$277,811 in the previous corresponding period due to higher interest income earned on funds raised in the rights issue in April 2007 and the recovery of a doubtful debt previously written off. Operating expenses relating to continuing operations were \$1,471,947 compared to \$721,730 for the previous corresponding period due to the full half-year effect of staff in the Melbourne office, the appointment of the new Chief Scientific Officer during the period and higher than expected legal costs relating to the patent reexamination and Nucleonics litigation.

Benitec's current assets balance at 31 December 2007 was \$3,834,598 (June 2007: \$5,208,050), with current liabilities of \$1,021,639 (June 2007: \$1,572,659).

In October 2007, the balance of the \$1m loan from Dr Chris Bremner, a total of \$52,980 was converted into ordinary shares. Also in October, Promega Corp converted its promissory note of \$187,324 into ordinary shares.

4. NET TANGIBLE ASSET BACKING PER SHARE

| | 2007 | 2006 |
|---|-----------|-----------|
| Net tangible asset backing per ordinary share | 1.0 cents | 0.2 cents |

BY ORDER OF THE BOARD



John Rawling
Company Secretary
29 February 2007

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BENITEC LTD

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About Benitec

Benitec is an Australian biotechnology company focused on licensing its extensive intellectual property portfolio and developing therapeutics to treat serious diseases using its proprietary ddRNAi technology. Its current therapeutic program is focused on Human Immunodeficiency Virus (HIV). For additional information, please visit www.benitec.com.

Forward-looking Statements

This press release contains forward-looking statements that reflect the Company's current expectations regarding future events. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors including the success of the Company's research strategy, the applicability of the discoveries made therein, the successful and timely completion of clinical studies and the uncertainties related to the regulatory process.



BENITEC LIMITED

ABN 64 068 943 662

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2007.

DIRECTORS

The following persons were directors of Benitec Limited during the whole of the half-year and up to the date of this report, except as noted:

Mr Peter Francis (Chairman)

Dr Mike Dalling (resigned 23 February 2008)

Dr Ken Reed

Mr Mel Bridges (appointed 12 October 2007)

Ms Sue MacLeman (appointed 1 July 2007)

REVIEW AND RESULTS OF OPERATIONS

Overview

Benitec is one of the pioneers of RNA interference (RNAi) technology, which can be used to precisely destroy RNA viruses and silence the expression of defective genes. Benitec's core patents and licenses provide key technologies to trigger RNAi in human cells and in live animals. Benitec holds exclusive worldwide rights for the development and commercialisation of all therapeutic human applications. The corporate goal of Benitec is to develop RNAi-based therapeutics for serious diseases such as infectious diseases, cancers and autoimmune disorders through co-investment and out-licensing. Benitec derives revenues from out-licensing its proprietary DNA-directed RNAi (ddRNAi) technology to life sciences companies in various fields.

Benitec continued its collaboration with the City of Hope Center in California where a HIV/AIDS lymphoma drug candidate is in human trials. This study has commenced enrolment and it is anticipated that 3 patients will have been treated by the end of June 2008. The anticipated expenditure on the program by end June 2008 is USD\$212,400. We expect initial results to be presented by Dr John Rossi at the Keystone meeting in March 2008 and Dr John Zaia will also present an update at the American Society of Gene Therapy Conference in May 2008.

In January 2008 Benitec's licensee company Tacere Therapeutics, Inc. entered into a US\$145m collaboration and license agreement with pharmaceutical company Pfizer Inc to develop and commercialise its Hepatitis C virus (HCV) compound TT-033. The collaboration is focusing on completing all necessary studies for submission of an investigational new drug application (IND) to the US FDA as well as clinical development and commercialisation of TT-033. The significance of this arrangement for Benitec is that Pfizer is licensing a drug candidate that relies on Benitec's intellectual property, Benitec has an equity stake in Tacere and Benitec receives milestone and royalty payments from Tacere.

The other major activity being undertaken is the further development of the Benitec Research and Development plan. This programme, led by the new Chief Scientific Officer Dr Jason Smythe, is looking to secure additional proprietary targets and delivery so that Benitec can develop new products in the areas of infectious disease, cancer and CNS. The Benitec team has also been working to strengthen collaborations with key universities and institutions to further support these activities.

Directors' Report (continued)

In July 2007, Benitec appointed a world class Scientific Advisory Board to review Benitec's product development and commercialisation (PD&C) plans. The members of the SAB are Dr John Rossi, Professor Cy Stein, Professor Bryan Williams and Dr David Crump. The SAB met in late July 2007 and reviewed the 7 potential projects that Benitec had prepared. These were then prioritised for investment and further commercial

Benitec's core patents relating to its proprietary ddRNAi technology are held in co-ownership with CSIRO of Australia. Benitec has 12 issued patents and 84 applications filed in 19 jurisdictions. 2 of these patents entered National phase in the last 12 months. Benitec's strategy is to continue to protect and strengthen its core proprietary intellectual property and to generate new intellectual property around specific products in the infectious diseases and cancer area.

During the last 6 months Benitec also took steps to further improve shareholder communication. The Company's website (www.benitec.com) was updated. The Company also commenced regular shareholder updates and provided more focused investor briefings both in Australia and overseas. Benitec has also continued to promote its technology and explore new opportunities for merger and acquisition. A key mechanism for this process is the attendance at the major Scientific and Business forums which have included BioPartnering Europe (October 2007, London), AusBio-07 (October 2007, Brisbane) and recently Biopartnering North America (February 2008, Vancouver). Consequently a number of exciting scientific and partnering opportunities are currently under evaluation.

Financial Update

Benitec's net loss for the half year to 31 December 2007 was \$1,068,922 compared to a net loss of \$873,816 for the previous corresponding period. Operating revenue grew to \$403,025 from \$277,811 in the previous corresponding period due to higher interest income earned on funds raised in the rights issue in April 2007 and the recovery of a doubtful debt previously written off. Operating expenses relating to continuing operations were \$1,471,947 compared to \$721,730 for the previous corresponding period due to the full half-year effect of staff in the Melbourne office, the appointment of the new staff members during the period and higher than expected legal costs relating to the patent reexamination, Nucleonics litigation and other corporate projects.

Benitec's current assets balance at 31 December 2007 was \$3,834,598 (June 2007: \$5,208,050), with current liabilities of \$1,021,639 (June 2007: \$1,572,659).

In October 2007, the balance of the \$1m loan from Dr Chris Bremner, a total of \$52,980, was converted into ordinary shares. Also in October, Promega Corp converted its promissory note of \$187,324 into ordinary shares.

Patent Re-examination

The other key issue for the Company is the ongoing patent reexamination in the US. Nucleonics initiated a third party Reexamination at the U.S. Patent and Trademark Office ("USPTO") on 4 October 2004. The USPTO merged the two Reexaminations and sent out an Office Action completely withdrawing most of the earlier rejections it made, modifying other rejections, and adding rejections based on the art Nucleonics provided in its second Reexamination request. Benitec reviewed this new material and believes it does not raise any issues that would preclude patentability of the invention disclosed in the '099 Patent. Benitec also believes it has strong arguments for overcoming the art of record. Benitec responded to the rejections found in the merged Reexaminations in April 2007. During an interview with the Examiner in early July 2007, the Company had the opportunity to discuss confusing aspects of the evidence antedating the Fire patent and removing it as prior art. Benitec is still waiting upon a response from the Examiner.

Directors' Report (continued)

Litigation Update

Benitec is in the process of preparing a Brief in Opposition to Nucleonics' Petition for Certiorari in the US Supreme Court. The Clerk of the Court has notified Benitec that its Brief will now not be due until 20 March 2008 as a result of Nucleonics filing a motion to file its Petition under seal. This motion was granted on 19 February 2008. Benitec holds patent insurance with Lloyd's of London to protect and defend its patent estate. This cover includes both the Nucleonics litigation and patent reexamination.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 of this report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'Peter Francis', written over a faint horizontal line.

Peter Francis

Director

Melbourne, 29 February 2008

RSM Bird Cameron Partners

Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Benitec Limited and the entities it controlled for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM BIRD CAMERON PARTNERS

Chartered Accountants



R B MIANO

Partner

29 February 2008
Melbourne

Consolidated Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

| | <i>Notes</i> | <i>HALF-YEAR</i> | |
|--|--------------|------------------|-----------------|
| | | <i>Dec 2007</i> | <i>Dec 2006</i> |
| | | \$ | \$ |
| Revenue | 2 | 403,025 | 277,811 |
| Royalties & licence fees | | (12,617) | 16,634 |
| Research and development costs | | (113,070) | (170,451) |
| Employment related expenses | | (494,974) | (278,802) |
| Travel related expenses | | (84,079) | (49,455) |
| Consultants costs | | (131,549) | (36,275) |
| Occupancy costs | | (55,672) | (9,095) |
| Corporate expenses | | (565,683) | (131,809) |
| Other expenses | | (24,442) | (9,699) |
| Foreign currency translation | | 10,139 | (52,778) |
| Loss from continuing operations before income tax | 2 | (1,068,922) | (443,919) |
| Income tax expense | | - | - |
| Loss from continuing operations | | (1,068,922) | (443,919) |
| Loss from discontinued operations | | - | (429,897) |
| Loss for the Half-Year | | (1,068,922) | (873,816) |
| Loss attributable to minority interest | | - | - |
| Loss attributable to members of Benitec Limited | | (1,068,922) | (873,816) |

Earnings per share (cents per share) for loss attributable to the ordinary equity holders of the Company:

| | | |
|---|-------|-------|
| - basic for earnings (loss) for the half-year | (0.4) | (0.5) |
| - diluted for earnings (loss) for the half-year | (0.4) | (0.5) |

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2007

| | <i>Notes</i> | <i>Dec 2007</i> | <i>June 2007</i> |
|----------------------------------|--------------|------------------|------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 3,637,286 | 4,960,351 |
| Trade and other receivables | | 130,902 | 241,508 |
| Other | | 66,410 | 6,191 |
| Total Current Assets | | <u>3,834,598</u> | <u>5,208,050</u> |
| Non-current Assets | | | |
| Plant and equipment | | 14,149 | 8,002 |
| Total Non-current Assets | | <u>14,149</u> | <u>8,002</u> |
| TOTAL ASSETS | | <u>3,848,747</u> | <u>5,216,052</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 986,130 | 1,541,894 |
| Provisions | | 35,509 | 30,765 |
| Total Current Liabilities | | <u>1,021,639</u> | <u>1,572,659</u> |
| TOTAL LIABILITIES | | <u>1,021,639</u> | <u>1,572,659</u> |
| NET ASSETS | | <u>2,827,108</u> | <u>3,643,393</u> |
| EQUITY | | | |
| Issued capital | 8 | 72,728,627 | 72,475,990 |
| Reserves | | 2,174,709 | 2,174,709 |
| Accumulated losses | | (72,076,228) | (71,007,306) |
| TOTAL EQUITY | | <u>2,827,108</u> | <u>3,643,393</u> |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

| | <i>Attributable to equity holders of the parent</i> | | | | <i>Minority interest</i> | <i>Total equity</i> |
|---|---|--------------------------|------------------|------------------|--------------------------|---------------------|
| | <i>Issued capital</i> | <i>Retained earnings</i> | <i>Reserves</i> | <i>Total</i> | | |
| At 1 July 2006 | 66,229,567 | (68,260,553) | 2,093,623 | 62,637 | - | 62,637 |
| Shares issued during period, net of issue costs | 1,186,189 | - | - | 1,186,189 | - | 1,186,189 |
| Loss for the Half-Year | - | (873,816) | - | (873,816) | - | (873,816) |
| At 31 December 2006 | 67,415,756 | (69,134,369) | 2,093,623 | 375,010 | - | 375,010 |
| At 1 July 2007 | 72,475,990 | (71,007,306) | 2,174,709 | 3,643,393 | - | 3,643,393 |
| Shares issued during period, net of issue costs | 252,637 | - | - | 252,637 | - | 252,637 |
| Loss for the Half-Year | - | (1,068,922) | - | (1,068,922) | - | (1,068,922) |
| At 31 December 2007 | 72,728,627 | (72,076,228) | 2,174,709 | 2,827,108 | - | 2,827,108 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

| | <i>HALF-YEAR</i> | |
|---|--------------------|------------------|
| | <i>Dec 2007</i> | <i>Dec 2006</i> |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of goods and services tax) | 314,867 | 507,848 |
| Payments to suppliers and employees (inclusive of goods and services tax) | (1,751,069) | (1,420,464) |
| Income taxes paid | - | (1,677) |
| Borrowing costs | (251) | - |
| Net cash outflows from operating activities | <u>(1,436,453)</u> | <u>(914,293)</u> |
| Cash flows from investing activities | | |
| Interest received | 116,223 | 17,471 |
| Purchase of plant and equipment | (5,920) | (9,030) |
| Net cash inflows from investing activities | <u>110,303</u> | <u>8,441</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 13,904 | 947,020 |
| Proceeds from borrowings | - | 52,980 |
| Net cash inflows from financing activities | <u>13,904</u> | <u>1,000,000</u> |
| Net increase/(decrease) in cash and cash equivalents | (1,312,246) | 94,148 |
| Effects of exchange rate changes on cash and cash equivalents | (10,819) | 17,167 |
| Cash and cash equivalents at beginning of the half-year | 4,960,351 | 900,740 |
| Cash and cash equivalents at end of half-year | <u>3,637,286</u> | <u>1,012,055</u> |

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Benitec Limited as at 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by Benitec Limited and its controlled entities during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

These financial statements have been prepared on the basis of going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

Further details of the assumptions used in making this assessment are set out in the following paragraphs.

In common with start-up biotechnology companies:

- i. the Company's operations are subject to considerable risks due primarily to the nature of the development and commercialisation being undertaken; and
- ii. to allow the Company to execute its longer term plans, it will be necessary to raise additional capital in the near future.

Having regard to the current market conditions and the Company's development programs, the Directors intend to implement or continue the following actions to provide additional funds and to form the basis for fund raising:

- a) capital raising through a private placement and a public offering; and
- b) entering into one or more corporate/commercial arrangements with other organisations.

At this time, the Directors expect to undertake a raising of further capital during the 2008 calendar year. The Directors currently plan to continue the Company's operations on the basis of matters referred to above, and believe that such activities will allow the raising of sufficient funds together with the existing net assets, for the Company to operate in its normal manner for a period of not less than twelve months from the date of this report.

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL REPORT (continued)

(a) Basis of accounting (continued)

The financial statements take no account of the consequences, if any, of the effects of unsuccessful product development or commercialisation, nor of the inability of the Company to obtain adequate funding.

The half-year financial report has been prepared in accordance with the historical convention.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

2 REVENUE AND EXPENSES

(a) Specific Items

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

| | <i>HALF-YEAR</i> | |
|-----------------------------------|------------------|-----------------|
| | <i>Dec 2007</i> | <i>Dec 2006</i> |
| | \$ | \$ |
| (i) Revenue | | |
| Licensing revenue | 222,202 | 260,322 |
| Finance income | 115,146 | 17,489 |
| Realised gain on foreign exchange | 8,134 | - |
| Recovery of doubtful debt | 57,543 | - |
| | 403,025 | 277,811 |
| (ii) Expenses | | |
| Depreciation | 2,214 | 491 |
| IP litigation expense | 26,226 | 126,251 |
| Foreign exchange fluctuation | (10,139) | 52,778 |

(b) Seasonality of Operations

There is no discernable seasonality in the operations of the Company.

3 SEGMENT REPORTING

Business Segments

The consolidated entity operates in one business segment, being the global commercialisation (by licensing and partnering) of patents and licences developed in the area of biotechnology, more specifically in functional genomics, with applications in biomedical research and human therapeutics.

Geographical Segments

Business operations are conducted in Australia while US located subsidiaries started their operations in May 2004. In June 2006, the US operations were shut down with all operations of the consolidated entity being conducted in Australia from that time.

| | Segment Revenues from External Customers | | Carrying Amount of Segment Assets | | Acquisitions of Non- Current Segment Assets | |
|-------------------------------|---|-----------------|--------------------------------------|------------------|--|------------------|
| | <i>HALF-YEAR</i> | | | | | |
| | <i>Dec 2007</i> | <i>Dec 2006</i> | <i>Dec 2007</i> | <i>June 2007</i> | <i>Dec 2007</i> | <i>June 2007</i> |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Geographical Location:</i> | | | | | | |
| Australia | 345,451 | 274,866 | 3,378,822 | 4,857,961 | 5,920 | 10,138 |
| United States of America | 57,574 | 2,945 | 469,925 | 358,091 | - | - |
| | 403,025 | 277,811 | 3,848,747 | 5,216,052 | 5,920 | 10,138 |

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

4 DISCONTINUED OPERATIONS

| | <i>HALF-YEAR</i> | |
|--------------------------------|------------------|-----------------|
| | <i>Dec 2007</i> | <i>Dec 2006</i> |
| | \$ | \$ |
| Research and development costs | - | (75,709) |
| Occupancy costs | - | - |
| Administration expenses | - | (155,424) |
| Finance costs | - | (198,764) |
| | - | (429,897) |

The discontinued operations relate to the shutdown of the US operations.

5 CONTINGENCIES

The Company's intellectual property rights are currently being tested in the following matters:

- i. A patent re-examination by the US Patent and Trademark Office; and
- ii. An appeal by Nucleonics to the US Supreme Court.

Adverse findings in one of the above matters may result in a reduction in the Company's ability to generate licence revenue from its intellectual property. These processes may also result in further significant legal fees in the ongoing protection of intellectual property rights. The Directors believe that the Company's rights are valid and will withstand these challenges. It is not possible to quantify these future risks at this time.

6 EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after balance date.

7 ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents comprise the following:

| | <i>Dec 2007</i> | <i>June 2007</i> |
|--------------------------|-----------------|------------------|
| | \$ | \$ |
| Cash at bank and in hand | 3,637,286 | 4,960,351 |

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

8 ISSUED CAPITAL

| | <i>Dec 2007</i> | <i>June 2007</i> |
|---|----------------------|-------------------|
| | \$ | \$ |
| <i>Ordinary shares</i> | | |
| Issued and fully paid | <u>72,728,627</u> | <u>72,475,990</u> |
| | <i>No. of Shares</i> | <i>Dec 2007</i> |
| | | \$ |
| At 1 July 2007 | 286,648,481 | 72,475,990 |
| Rights issue costs | - | (10,238) |
| Conversion of promissory note by Promega Corporation | 1,781,735 | 187,324 |
| Conversion of loan by Dr Chris Bremner | 2,522,860 | 52,980 |
| Options exercise | 1,137 | 171 |
| Employee Share Options Plan options exercise | <u>1,000,000</u> | <u>22,400</u> |
| At 31 December 2007 | <u>291,954,213</u> | <u>72,728,627</u> |

Share options

| Details | No. of Options | Expiry Date | Exercise Price |
|----------------------------|--------------------|----------------|-------------------|
| Listed options | 41,433,069 | 06 Apr 08 | \$0.32 |
| Listed options | 56,081,915 | 03 Apr 11 | \$0.15 |
| ESOP options | 100,000 | 28 Jul 09 | \$0.50 |
| ESOP options | 100,000 | 28 Jul 09 | \$1.00 |
| ESOP options | 150,000 | 28 Jul 09 | \$1.50 |
| ESOP options | 150,000 | 28 Jul 09 | \$2.00 |
| ESOP options | 3,000,000 | 04 Sep 11 | \$0.022 |
| ESOP options | 1,000,000 | 14 Dec 11 | \$0.059 |
| ESOP options | 250,000 | 20 Nov 11 | \$0.063 |
| ESOP options | 250,000 | 01 Jul 12 | \$0.07 |
| Other unlisted | 17,560 | 30 Sep 13 | \$0.03 |
| Strategic Advisor Warrants | 6,126,962 | 04 Aug 14 | \$0.90 |
| Directors' options | 1,953,125 | 23 Oct 15 | \$0.17 |
| NED options | <u>5,999,999</u> | 31 Dec 12 | \$0.131 |
| | <u>116,612,630</u> | | |

Since 31 December 2007, no options have been exercised. The following options were issued since 31 December 2007 under the Employee Share Option Plan:

| Details | No. of Options | Expiry Date | Exercise Price | Issue Date |
|--------------|-------------------|----------------|-------------------|---------------|
| ESOP options | 1,000,000 | 08 Oct 12 | \$0.114 | 21 Feb 08 |
| ESOP options | <u>3,325,000</u> | 02 Jan 13 | \$0.117 | 21 Feb 08 |
| | <u>4,325,000</u> | | | |

The parcel of 1,000,000 ESOP options vested immediately upon issue whilst the remainder vested one-third upon issue, one-third 12 months after issue and the balance 24 months after issue. In each instance, the exercise price was calculated using a 20-day volume weighted average price of Benitec listed ordinary shares.

Directors' Declaration

In accordance with a resolution of the directors of Benitec Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its the performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) as outlined in note 1(a) to the financial statements, the Company's ability to continue as a going concern is dependent on fund raising activities. Subject to the success of these fund raising activities, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter Francis
Director

Melbourne, 29 February 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

BENITEC LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Benitec Limited ("the consolidated entity"), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration of the consolidated entity comprising the company and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 an Interim 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 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 2007 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Benitec Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Auditor's Responsibility (cont.)

A review of a half-year 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 Australian professional ethical pronouncements and 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 half-year financial report of Benitec 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



R B MIANO
Partner

29 February 2008
Melbourne