BENITEC BIOPHARMA LIMITED

ABN 64 068 943 662

INTERIM REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Lodged with ASX under Listing Rule 4.2A

Contents

The information in this report should be read in conjunction with the most recent annual financial report and any public announcements made by Benitec Biopharma Limited

Results for Announcement to the Market
for the half year ended December 31, 2011

The following information is provided under listing rule 4.2A

1. Reporting period

The financial information contained in this report is for the half-year ended 31 December 2011. Comparative amounts are for the half-year ended 31 December 2010.

2. Results for Announcement to the Market

		Change	% Change	$A'000
2.1	Revenue from ordinary activities	down	44.5%	208
	(Loss) from ordinary activities after tax attributable to members.	up	105.7%	(2,246)
2.2	Net (loss) for the period attributable to members.	up	105.7%	(2,246)
2.3	The amount per security and franked amount per security of final and interim dividends	No dividends were declared or paid during the period.		
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 brief commentary below which was extracted from the Benitec Biopharma Limited interim report for the half-year ended 31 December 2011 which forms part of this ASX announcement		

3. Commentary on results for the period

Benitec's net loss for the half year to 31 December 2011 was $2,245,584 compared to a net loss of $1,091,730 for the previous corresponding period. The six month loss includes a charge for shared based expenses of $724,509. Operating revenue was $207,770 compared to $374,354 in the previous corresponding period. The previous period included a non-recurring dividend received from licensee Tacere Therapeutics of $137,671. Operating expenses relating to operations were $2,453,354 (including shared based expenses of $724,509) compared to $1,466,084 for the previous corresponding period.

Benitec's current assets balance at 31 December 2011 was $4,562,511 (June 2011: $6,838,897), with current liabilities of $ 454,430 (June 2011: $1,197,474).

Benitec Biopharma Limited announced on April 11, 2011 that La Jolla Cove Investors Inc ("LJCI") had agreed to terminate the LJCI convertible note Facility. Included in the 31 December 2011 consolidated statement of cash flows are receipts and payments which reflect this agreement. In December 2011, LJCI advanced a final instalment of US $200,000 (AUD $199,030) to Benitec Biopharma Limited under the Facility. In addition, payment of the outstanding balance of the US $700,000 debt to LJCI has been made and payments in this reporting period total AUD $602,857.

4. Net tangible asset backing per share

	2011	**2010**
Net tangible asset backing per ordinary share	0.4 cents	(0.2) cents

BENITEC BIOPHARMA LIMITED

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Your directors present their report on the consolidated entity consisting of Benitec Biopharma Limited and the entities it controlled at the end of the half-year ended 31 December 2011.

DIRECTORS

The following persons were directors of Benitec Biopharma Limited ("Benitec Biopharma") during the whole of the half-year and up to the date of this report:

Mr Peter Francis (Chairman)
Mr Mel Bridges
Dr John Chiplin
Mr Iain Ross

FINANCIAL UPDATE

Benitec Biopharma's net loss for the half year to 31 December 2011 was $2,245,584 compared to a net loss of $1,091,730 for the previous corresponding period. The six month loss includes a charge for share based expenses of $724,509. Operating revenue was $207,770 compared to $374,354 in the previous corresponding period. The previous period included a non-recurring dividend received from licensee Tacere Therapeutics of $137,671. Operating expenses were $2,453,354 (including share based expenses of $724,509) compared to $1,466,084 for the previous corresponding period.

Benitec Biopharma's current assets balance at 31 December 2011 was $4,562,511 (June 2011: $6,838,897), with current liabilities of $454,430 (June 2011: $1,197,474).

REVIEW AND RESULTS OF OPERATIONS

Context

Benitec Biopharma's unique ddRNAi gene silencing technology provides a potential treatment approach for a broad range of human diseases which are currently untreatable. The plethora of opportunities to provide innovative solutions to chronic, life-threatening conditions through this technology are being explored by Benitec Biopharma in conjunction with our collaborators, and have been the major focus of the Company's activities in July-December 2011. We have focused on developing three key programs, and initiating a fourth, to demonstrate the potential of ddRNAi to provide a long term treatment and, eventually possibly a cure, for a range of significant human therapeutic challenges in cancer, viral disease, intractable pain and genetic disease.

With a surge in the number of granted, allowed and re-issued patents in the last six months in Europe and the US, Benitec Biopharma's position as the dominant player in the ddRNAi field has been substantially strengthened.

Successful research outcomes using ddRNAi, for example in a clinical trial in cancer[1], and in preclinical models of heart disease[2] and arthritis[3] have been reported by external parties in the last six months, and add to multiple publications that demonstrate ddRNAi's clinical safety and efficacy.[1-6] Benitec Biopharma is continuing to extend this body of evidence through our own programs.

Clinical Programs

Benitec Biopharma aims to realise value in the Company's technology and intellectual property assets by demonstrating the safety and efficacy of ddRNAi in a range of life-threatening diseases. This will be investigated through research in-house and partnering with external research and development programs.

The target diseases and conditions are carefully chosen according to strategic criteria:

1. The target gene to be silenced must be critical for the disease to exist or progress
2. The target patient population must have significant unmet medical needs with conventional medicines.

Central Nervous System*:*
Cancer-associated Neuropathic Pain Program

Context:	Up to 80% of terminal cancer patients suffer from this form of pain, which is poorly managed with current opioid-based medications.
Approach:	Following the successful demonstration by Chinese scientists that Benitec Biopharma's ddRNAi approach targeting PKC_{gamma} in the spinal cord is highly effective and long-lasting,[6] Benitec Biopharma has redesigned the program to focus on this proven PKC_{gamma} target. Whilst this has extended the preclinical stage longer than originally anticipated, it has significantly de-risked the program.
Milestones:	Two highly effective novel ddRNAi constructs, which target sequences that are conserved between humans and likely pre-clinical test species, have been discovered and tested. Use of these conserved constructs should hasten and simplify pre-clinical testing programs, and are to be protected with a new patent application. We will utilise an approved proprietary clinical trial viral vector delivery system for the clinical stage of this program.
Partners:	TetraQ (University of Queensland) are undertaking Proof-of-Concept studies integrating these new PKC_{gamma} targeting constructs with their proprietary delivery vehicle; a necessary prerequisite before moving towards the clinical testing of this breakthrough pain treatment.

Viral Disease:
Hepatitis B Program

Context:	Hepatitis B is a virus infecting almost one third of the world's population.
Approach:	To deliver a triple ddRNAi cassette to the liver which targets a key viral gene, stopping the virus from replicating and guarding against future reinfection. The triple cassette is designed to optimise safety and efficacy and to inhibit development of viral resistance, as it attacks the viral gene at three different points. The three sequences have been selected from an initial 5,000 potential candidates.
Milestones:	Pre-clinical *in vivo* testing is anticipated in October 2012.
Partners:	Besides collaborating with Biomics Biotechnologies Co Ltd in China to maximise safety and efficacy, the design and optimisation of the complex ddRNAi multicassette construct has leveraged off the recently published work of Tacere Therapeutics in the hepatitis C program.[5]

Cancer:
Drug Resistant Non-Small Cell Lung Cancer Program

Context:	Non-small cell lung cancer has a dismal prognosis, with a high proportion of patients developing resistance to conventional drug therapy within a short period of time.
Milestones:	Over the last 6 months, substantial in vitro progress has been made, and initial technical difficulties in the *in vivo* delivery have been overcome. In late November 2011, the first *in vivo* demonstration of the ability to deliver the construct to the lung cancer cells was achieved. Ongoing success is expected in the first half of 2012, with preparations for a clinical study planned.
Partners:	The program is being conducted with Professor Maria Kavallaris and her fellow researchers at the Children's Cancer Institute Australia (CCIA) at the University of New South Wales.

Genetic Disorders:
Oculopharyngeal Muscular Dystrophy (OPMD) Program

Context:	OPMD is a rare (1/100,000 in Europe), inherited, slow progressing, late onset degenerative muscle disorder. It is caused by a genetic mutation that results in progressive destruction of muscles in the head, in particular on the swallowing muscles which can lead to life-threatening consequences. There is no cure or any medical treatment available for OPMD.
Approach:	OPMD is particularly suited to gene therapy since the affected cells are limited, and the genetic mutation is small, known, and located on a relatively small gene. A ddRNAi-based therapy can be developed to silence the expression of the mutant gene in muscle cells of OPMD patients
Partners:	In January 2012, Benitec Biopharma commenced its OPMD program with Professor George Dickson at Royal Holloway University of London, and Dr Capucine Trollet at the Institut de Myologie in Paris.

Business Development Activities

With the potential of Benitec Biopharma's ddRNAi technology to benefit a wide range of human medical conditions, there are significant business development opportunities to licence the technology, allowing multiple partners to investigate its application in a range of novel therapeutics.

Following several major successes in the patent portfolio over the last six months (see below), the Company has significantly increased it business development activities, and discussions are active with several companies to explore the opportunity to license or co-develop Benitec Biopharma's ddRNAi technology.

Patent Portfolio

Over the last six months several patents have been granted, allowed or re-issued. Other actions are also occurring. The most significant of these were:

- Graham et al Patents:
  - US 8067383, Granted November 2011
  - US 8048670, Granted November 2011
  - US 8053419, Granted November 2011
  - US Patent Application 11/218,999, Notice of Allowance January 2012
  - Europe 1555317, Granted September 2011
  - Europe 1624060, Granted September 2011
- Waterhouse et al Patents:
  - Europe 1068311, Granted April 2011, currently under opposition at the EPO
- Benitec Owned Patents:
  - Europe 1725660 (Multi-promoter multi cassette), Granted July 2011
  - US 8008468 (RNAi expression constructs with liver-specific enhancer/promoter), Granted August 2011

- US 8076471 (Single promoter, multi-cassette), Granted December 2011
- US 8129510 (Minigene Expression cassette), Notice of Allowance November 2011, to be Issued March 2012

This now brings the number of ddRNAi patents controlled by Benitec Biopharma which are allowed, granted or re-issued to 48, with a further 49 pending.

UK Revocation Application Update

The UK revocation action initiated by an anonymous opponent against the Graham patent GB No. 2353282 has now been ongoing for approaching nearly 18 months, with little to no substantive progress. Benitec Biopharma has consequently formally requested a review of proceedings with the UK Intellectual Property Office.

Chief Investigators' Group

The second meeting of the Benitec Biopharma Chief Investigators' Group occurred in Sydney the day before the November 2011 Annual General Meeting. Members in attendance included: Professor Maria Kavallaris (CCIA, UNSW); Professor York Zhu (Biomics); Dr Mick Graham and Dr Ken Reed (Benitec Biopharma-founding scientists), and Professor John Rossi (City of Hope, California, USA) (by video conference). Each Investigator presented on the progress of Benitec Biopharma's in-house programs to the Board.

Conference Presentations

Members of Benitec Biopharma's management group, attended and presented at a range of conferences locally and internationally over the past 6 months:

- Bioshares Queenstown, July 2011
- 5th Pain Summit, San Francisco, September 2011
- Ausbiotech and van Leeuwenhoek "Australian Showcase: Amsterdam 2011", October 2011
- BioPartnering Europe, London, October 2011
- Ausbiotech National Conference, Adelaide, October 2011
- BIT's 1st World Congress of Small RNAs, Shenzhen, China November 2011
- Cappello Capital 2012 Inaugural Australia - US Investor Conference, Los Angeles, January 2011
- Cell and Gene Therapy Conference, Phacilitate, Washington DC, January 2012

Key Recent Publications

In 2011, according to NIH's PubMed Index, there were almost 6,000 scientific and clinical research publications on RNA interference, demonstrating the enormous significance of this technology for medical research and therapy. Six key publications which hold significance for Benitec Biopharma are briefly described below:

1. Senzer N *et al*. Phase I Trial of "bi-shRNAifurin/GMCSF DNA/ Autologous Tumor Cell" Vaccine (FANG) in Advanced Cancer. *Molecular Therapy* December 20, 2011. doi:10.1038/mt.2011.269

   This clinical trial demonstrated the safety and efficacy of a ddRNAi-based approach to develop a multi-cancer vaccine. This work was carried out by US-based company Gradalis.

2. Huang M *et al*. Double knockdown of prolyl hydroxylase and Factor-Inhibiting Hypoxia-Inducible Factor with nonviral minicircle gene therapy enhances stem cell mobilization and angiogenesis after myocardial infarction. *Circulation* 124 [suppl 1]: S46–S54.

   Demonstration in a pre-clinical model of heart attack that silencing key genes in the heart by ddRNAi increases stem cell migration into the damaged heart tissue leading to improved cardiac function.

3. Li R *et al.* Gene silencing of IL-12 in dendritic cells inhibits autoimmune arthritis. *Journal of Translational Medicine* 2012; 10:19 doi:10.1186/1479-5876-10-19.

This paper, co-authored by Benitec Biopharma's CEO Dr Peter French, describes the successful treatment of rheumatoid arthritis in preclinical models using ddRNAi technology applied to stem cell-derived immune system cells called dendritic cells. ddRNAi was used to generate dendritic cells that acted as a "tolerogenic vaccine", which specifically blocked the pathological immune response in rheumatoid arthritis without blocking healthy immune responses. It is contemplated that by blocking pathological immunity, ddRNAi-modified stem cell-based therapies, such as those being developed by Medistem, could provide novel treatment and curative approaches to damaged tissue.

4. Chen C-C *et al.* Use of RNA interference to modulate liver adenoma development in a murine model transgenic for hepatitis B virus. *Gene Therapy* 2012; 19: 25–33.
   Demonstration that ddRNAi-based therapy targeting hepatitis B viral genes has the potential to prevent formation of HBV-associated hepatocellular adenoma.

5. Lavender H *et al. In vitro* characterization of the activity of PF-05095808 a novel biological agent for Hepatitis C Virus therapy. *Antimicrobial Agents Chemotherapy* 27 December 2011; doi:10.1128/AAC.05357-11,
   The paper describes Tacere Therapeutics' and Pfizer's work on developing a ddRNAi vector that directs expression of 3 short hairpin RNAs targeted to conserved regions of the HCV genome. The data supports antiviral activity and demonstrates the potential of PF-05095808 as a therapeutic agent for chronic HCV infection.

6. Zou W *et al.* Identification of differentially expressed proteins in the spinal cord of neuropathic pain models with PKC_{gamma} silence by proteomic analysis. *Brain Research* 2012; 1440: 34–46.
   Data generated using a ddRNAi approach to silence PKC_{gamma} in the spinal cord demonstrate that eighteen differentially expressed proteins are associated with the role of PKC_{gamma} in regulating neuropathic pain, and significantly contribute to clarifying the roles of PKC_{gamma} in neuropathic pain.

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8 of this report.

Signed in accordance with a resolution of the directors.

Peter Francis
Director
Melbourne, 28 February 2012

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To The Directors of Benitec Biopharma Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Benitec Biopharma Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Partner – Audit & Assurance

Sydney, 28 February 2012

BENITEC BIOPHARMA LIMITED

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	*HALF-YEAR*	
		Dec 2011	*Dec 2010*
		$	*$*
Revenue	2	207,770	374,354
Royalties & licence fees		(61,114)	-
Research and development costs		(424,814)	(480,708)
Employment related expenses		(1,166,618)	(543,756)
Travel related expenses		(108,114)	(77,753)
Consultants costs		(390,709)	(73,938)
Occupancy costs		(39,554)	(26,021)
Corporate expenses		(214,909)	(232,974)
Other expenses		(47,522)	(30,934)
Total expenses		(2,453,354)	(1,466,084)
Loss before income tax	2	(2,245,584)	(1,091,730)
Income tax expense		-	-
Loss for the Half-Year		(2,245,584)	(1,091,730)
Other Comprehensive Income		-	-
Total Comprehensive Income for the Half Year		(2,245,584)	(1,091,730)
Loss for the Half Year attributable to members of Benitec Biopharma Limited		(2,245,584)	(1,091,730)
Total Comprehensive Income for the Half Year attributable to members of Benitec Biopharma Limited		(2,245,584)	(1,091,730)

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

– basic for earnings (loss) for the half-year	(0.24)	(0.25)
– diluted for earnings (loss) for the half-year	(0.24)	(0.25)

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

BENITEC BIOPHARMA LIMITED

Consolidated Statement of Financial Position

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	*Dec 2011*	*June 2011*
		$	*$*
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,576,070	6,654,097
Trade and other receivables		40,473	147,832
Other		35,968	36,968
Total Current Assets		4,652,511	6,838,897
Non-current Assets			
Plant and equipment		37,198	26,461
Total Non-current Assets		37,198	26,461
TOTAL ASSETS		4,689,709	6,865,358
LIABILITIES			
Current Liabilities			
Trade and other payables		418,776	1,141,559
Provisions		35,654	55,915
Total Current Liabilities		454,430	1,197,474
Non-Current Liabilities			
Trade and other payables		57,961	171,048
Borrowings		240,222	292,488
Total Non-Current Liabilities		298,183	463,536
TOTAL LIABILITIES		752,613	1,661,010
NET ASSETS		3,937,096	5,204,348
EQUITY			
Issued capital	6	87,085,005	86,821,961
Reserves		3,525,887	2,810,599
Accumulated losses		(86,673,796)	(84,428,212)
TOTAL EQUITY		3,937,096	5,204,348

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

BENITEC BIOPHARMA LIMITED

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Attributable to equity holders of the parent				
	Issued capital	*Convertible Note Equity Reserve*	*Share-based Payments Reserve*	*Accumulated Losses*	*Total equity*
At 1 July 2010	77,487,593	69,837	2,639,234	(80,893,338)	(696,674)
Share issues, net of transaction costs	793,736	-	-	-	793,736
Equity component of convertible note	-	104,390	-	-	104,390
Transfer to Contributed Equity upon partial conversion of convertible note	129,738	(129,738)	-	-	-
Fair value of share based payments during period	-	-	108,775	-	108,775
Loss attributable to members of parent entity	-	-	-	(1,091,730)	(1,091,730)
At 31 December 2010	78,411,067	44,489	2,748,009	(81,985,068)	(781,503)
Share issues, net of transaction costs	8,318,999	-	-	-	8,318,999
Equity component of convertible note	-	96,203	-	-	96,203
Transfer to Contributed Equity upon partial conversion of convertible note	91,895	(91,895)	-	-	-
Fair value of share based payments during period	-	-	13,793	-	13,793
Loss attributable to members of parent entity	-	-	-	(2,443,144)	(2,443,144)
At 30 June 2011	86,821,961	48,797	2,761,802	(84,428,212)	5,204,348
Share issues, net of transaction costs	(6,956)	-	-	-	(6,956)
Equity component of convertible note	-	25,858	-	-	25,858
Transfer to Contributed Equity upon partial conversion of convertible note	270,000	(35,079)	-	-	234,921
Fair value of share based payments during period	-	-	724,509	-	724,509
Loss attributable to members of parent entity	-	-	-	(2,245,584)	(2,245,584)
At 31 December 2011	87,085,005	39,576	3,486,311	(86,673,796)	3,937,096

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

BENITEC BIOPHARMA LIMITED

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	HALF-YEAR	
	Dec 2011	*Dec 2010*
	$	*$*
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	181,417	99,782
Payments to suppliers and employees (inclusive of goods and services tax)	(1,931,979)	(1,507,687)
Borrowing costs	-	(14,472)
Net cash outflows from operating activities	(1,750,562)	(1,422,377)
Cash flows from investing activities		
Interest received	95,152	9,737
Dividend received	-	139,133
Purchase of plant and equipment	(17,836)	(18,672)
Net cash inflows from investing activities	77,316	130,198
Cash flows from financing activities		
Proceeds from borrowings and issue of shares	199,030	1,047,102
Convertible note settlement payment	(602,857)	-
Net cash inflows (outflows) from financing activities	(403,827)	1,047,102
Net decrease in cash and cash equivalents	(2,077,073)	(245,077)
Effects of exchange rate changes on cash and cash equivalents	(954)	(12,593)
Cash and cash equivalents at beginning of the half-year	6,654,097	651,007
Cash and cash equivalents at end of half-year	4,576,070	393,337

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

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 Biopharma Limited as at 30 June 2011.

It is also recommended that the half-year financial report be considered together with any public announcements made by Benitec Biopharma Limited and its controlled entities during the half-year ended 31 December 2011 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.

This financial report has been prepared on a going concern basis.

During the half year ended 31 December 2011, the consolidated entity incurred a loss of $2,245,584 (2010 comparitive period: loss $1,091,730) and had net operating cash outflows of $1,750,562 (2010 comparitive period: $1,422,377).

The ability of the consolidated entity to continue as a going concern has been determined by directors on the basis:

i. in common with start-up biotechnology companies, the consolidated entity's operations are subject to considerable risks due primarily to the nature of the development and commercialisation being undertaken; and

ii. to allow the consolidated entity to execute its longer term plans, it will be necessary to raise additional

Having regard to the current market conditions and the consolidated entity's development programs, the directors intend to:

i. raise capital at the appropriate time; and

ii. obtain income from further corporate/commercial arrangements.

The Directors will be exploring new capital raising opportunities at the appropriate time. The directors believe that there are sufficient funds for the consolidated entity to operate in its normal manner for a period of not less than twelve months from the date of this report.

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

(a) Basis of accounting (continued)

The finanical report does not contain any adjustments to the amounts or classifications of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

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 consolidated entity to obtain adequate funding in the future.

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 interim financial statements have been prepared in accordance with the accounting policies adopted in the consolidated entity's last annual financial statements for the year ended 30 June 2011, except for the adoption of Improvements to AASBs 2010 (2010 Improvements) as of 1 January 2011. The 2010 Improvements made several minor amendments to AASBs. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the consolidated entity for the purposes of preparation of these interim financial statements.

Amendment to AASB 101 Presentation of Financial Statements

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The consolidated entity previously presented such reconciliations in the Consolidated Statement of Changes in Equity. When required, the consolidated entity will present the reconciliations of each component of other comprehensive income in the notes to the financial statements. This will reduce duplicated disclosures and present more clearly the overall changes in equity. Prior period comparatives will be restated accordingly.

Amendments to AASB 134 Interim Financial Reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the consolidated entity's circumstances since the last annual financial statements. The consolidated entity's interim financial statements as of 31 December 2011 reflect these amended disclosure requirements, where applicable.

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

(c) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the consolidated entity's last annual financial statements for the year ended 30 June 2011.

(d) Significant events and transactions

The consolidated entity has sufficient capital and liquidity to service its operating activities and debt for a period of not less than twelve months from the date of this report. The consolidated entity's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

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:

	HALF-YEAR	
	Dec 2011	*Dec 2010*
	$	*$*
(i) Revenue		
Licensing revenue	112,480	118,169
Dividend received	-	137,671
Finance income	95,290	9,737
Realised gain on foreign exchange	-	20,763
Unrealised gain on foreign exchange	-	88,014
	207,770	374,354
(ii) Expenses		
Depreciation	6,246	4,118
IP litigation expense	-	20,471
Share-based payments	724,509	108,775
Foreign exchange fluctuation	40,424	13,297

(b) Seasonality of Operations

There is no discernable seasonality in the operations of the consolidated entity.

3 SEGMENT REPORTING

Business Segments

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

Operating Segments

The consolidated entity has key operating segments of research and development, marketing and licensing and corporate. Business operations are principally conducted in Australia. US located subsidiaries started their operations in May 2004 and in June 2006, the US operations were shut down. The consolidated entity is managed from Australia.

	Segment Revenues from External Customers		Segment Results		Carrying Amount of Segment Assets	
	HALF-YEAR					
	Dec 2011	*Dec 2010*	*Dec 2011*	*Dec 2010*	*Dec 2011*	*June 2011*
	$	*$*	*$*	*$*	*$*	*$*
Operating segments						
Research & development			(835,059)	(755,560)	14,879	10,584
Marketing and Licensing	112,480	118,169	(220,634)	(63,157)	7,440	5,292
Corporate	95,290	256,185	(1,189,891)	(273,013)	4,667,390	6,849,482
	207,770	374,354	(2,245,584)	(1,091,730)	4,689,709	6,865,358

The non operating assets of cash and receivables have been attributed to corporate.

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

4 EVENTS AFTER THE BALANCE SHEET DATE

Benitec Biopharma announced on April 11, 2011 that La Jolla Cove Investors Inc ("LJCI") had agreed to terminate the LJCI convertible note Facility. Included in the 31 December 2011 consolidated statement of cash flows are receipts and payments which reflect this agreement. In December 2011, LJCI advanced a final instalment of US $200,000 (AUD $199,030) to Benitec Biopharma under the Facility. In addition, payment of the outstanding balance of the US $700,000 debt to LJCI has been made and payments in this reporting period total AUD $602,857. Subsequent to balance sheet date, substantially all of the LJCI convertible notes were converted into ordinary shares.

Other than the above, there have been no significant events after balance date.

5 ADDITIONAL INFORMATION

Reconciliation of Cash

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

	Dec 2011 *$*	*June 2011* *$*
Cash at bank and in hand	4,576,070	6,654,097

6 ISSUED CAPITAL

	No. of Shares	*$*
Ordinary shares		
Issued and fully paid	947,073,771	87,085,005
At 1 July 2011	926,337,910	86,821,961
Partial conversion of Convertible Note	20,730,951	270,000
Rights issue shares	4,910	98
Less Costs of issue		(7,054)
At 31 December 2010	947,073,771	87,085,005
The weighted average number of shares on issue during the year was	931,600,765	

6 ISSUED CAPITAL (continued)

Share options

Details	Expiry Date	Exercise Price	Number of options
ESOP Options	21-Feb-13	$0.0781	300,000
ESOP Options	10-Jun-13	$0.0289	5,000,000
ESOP Options	19-Aug-14	$0.0204	6,500,000
NED Options	31-Dec-12	$0.0889	4,666,666
NED Options	19-Aug-14	$0.0228	3,000,000
ESOP Options	17-Nov-16	$0.0500	45,000,000
NED Options	26-Sep-16	$0.0500	70,000,000
Directors' Options	23-Oct-15	$0.1700	1,953,125
Strategic Advisor Warrants	4-Aug-14	$0.9000	6,126,962
Listed BLTO	8-Apr-14	$0.1000	46,673,907
Listed BLTOB	31-Dec-13	$0.0400	201,302,538
Unlisted Options	31-Dec-12	$0.1000	22,244,444
Unlisted Options	10-Apr-15	$0.1000	12,000,000
Other Options	30-Sep-13	$0.0300	17,560
			424,785,202

7 CONTINGENT LIABILITIES

In January 2010, the Company reached a settlement with the CSIRO to replace the existing Licence Agreement and Commercial Agreement with a new exclusive Licence Agreement for the use of intellectual property and the Capital Growth Agreement with the issue of ordinary shares. As part of the settlement, a Transition Agreement was put in place in order to facilitate the change from the old agreements to the new agreement and to deal with a number of other matters.

Under the terms of the Transition Agreement, the Company agreed to pay CSIRO an amount of $297,293 for past patent costs only in the event of a trigger event, being either a corporate transaction or an insolvency event.

BENITEC BIOPHARMA LIMITED

Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 - 19 of the Half-Year Report 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 2011 and of its performance, as represented by the results of its operations, changes in equity and its cashflows, for the half-year ended on that date; and

  (iii) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(b) as outlined in note 1(a) to the financial statements, the consolidated entity's ability to continue as a going concern in the longer term is dependent on fund raising activities. Subject to the success of these fund raising activities, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board

Peter Francis
Director

Melbourne, 28 February 2012

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report
To the Members of Benitec Biopharma Limited

We have reviewed the accompanying half-year financial report of Benitec Biopharma Limited (the "Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 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 2011 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 Biopharma Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 complied with the independence requirements of 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 Biopharma 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 2011 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Partner – Audit & Assurance

Sydney, 28 February 2012