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Chairman's and CEO's letter

Dear Shareholder

We are delighted to present Benitec Biopharma's Annual Report for 2013.

In many ways this has been a watershed year for Benitec. In a difficult market, we raised sufficient capital to fund significant progress toward our objective of moving Benitec from a pre-clinical to clinical stage company. As part of the capital raise we updated the company's constitution and consolidated its share capital.

As a result of the November 2012 acquisition of Tacere Therapeutics, Benitec expects to begin dosing patients with our "first in man" clinical trials with our Hepatitis C therapy (TT-034) before the end of 2013. We see the achievement of this milestone as an important value inflection point for the company. Reporting positive clinical trial results has driven a significant increase in value for other companies in the RNAi space in the last 18 months.

During 2013 Benitec raised \$10.8 million through a combination of a private placement and Share Purchase Plan, securing the company's ability to move TT-034 into a Phase I/II (a) Clinical Trial and earmarking additional funds to advance our Non Small Cell Lung Cancer treatment (Tribetarna™) into the clinic.

Peer validation of Benitec's ddRNAi technology was demonstrated by unanimous support from the NIH's DNA Recombinant Advisory Committee (RAC) for our protocol to test TT-034 in HCV patients who have failed current standard of care.

Additionally, acceptance of Dr David Suhy's scientific abstracts on TT-034 at the International Symposium on Hepatitis C Virus (HCV2013) in Melbourne and subsequently at the American Association for the Study of Liver Disorders (AASLD) provides further evidence of the significance of this program to the HCV field.

As well as driving our in-house programs, Benitec has been actively engaged in out-licensing ddRNAi. During the last 12 months we announced licensing agreements with:

- uniQure for the development of a RNAi therapy to treat Huntington's Disease.
- Regen BioPharma Inc for the development of Cancer Vaccines

In a further significant development for ddRNAi technology, our licensee Calimmune treated their first patient in a Phase I/II trial of its HIV/AIDS therapeutic candidate, Cal 1, in July.

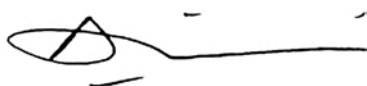
Benitec has continued an aggressive strategy to raise the company's profile and increase awareness of our achievements, and during 2012 – 2013 we have presented at or attended the following events:

- Ausbiotech 2012 – Melbourne
- Ausbiotech USA 2012 – New York
- Investor meetings around the JP Morgan Healthcare Conference – San Francisco
- Cowen US Investor Show Case
- Cappello US Investor Conference
- BioPharma Europe Geneva
- World Gene Therapy Congress London

During September 2013, Peter French and Carl Stubbings undertook an extensive Road Show updating investors on the company's progress and outlining our strategy for the future.

We strengthened our Board with the appointment of Mr. Kevin Buchi in April 2013. Mr. Buchi served as Chief Executive Officer of Cephalon, Inc. through its \$6.8 billion acquisition by Teva Pharmaceutical Industries in October 2011. Kevin's appointment provides Benitec with significant additional business development strength and, importantly, networking capacity in the United States and Europe.

As you can see, it has been a busy and constructive year. On behalf of the Board we would like to thank Benitec shareholders for your continued support. We expect that 2014 will be the year that will finally demonstrate the safety and efficacy of ddRNAi technology in patients, with our first-in-man clinical trial of TT-034. A successful outcome will be a very significant event in Benitec's development.



Peter Francis
Chairman



Peter French
Managing Director & CEO

Directors' Report

Your Directors submit their report on Benitec Biopharma Limited ('the Company' or 'Benitec') and its controlled entities ('the Group') for the financial year ended 30 June 2013.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Mr Kevin Buchi was appointed to the Board on 14 April 2013. Dr Peter French was appointed to the Board on 26 August 2013. The other Directors were in office for all of the financial year ended 30 June 2013 to the date of this report and have been directors from the dates of appointment noted below.

Names, qualifications experience and special responsibilities

Mr Peter Francis LLB, GRAD DIP (INTELLECTUAL PROPERTY)

Non-Executive Chairman
Appointed 23 February 2006

Mr Peter Francis is a partner at Francis Abourizk Lightowlers (FAL), a firm of commercial and technology lawyers with offices in Melbourne, Australia. He is a legal specialist in the areas of intellectual property and licensing and provides legal advice to a large number of corporations and research bodies.

Other Current Directorships of Listed Companies: None

Former Directorships of Listed Companies in last three years
Xceed Capital Limited.

Dr Mel Bridges BAPPSC, FAICD

Non-Executive Director
Appointed 12 October 2007

Dr Mel Bridges has more than 30 years' experience as a CEO and public company director in the global biotechnology and healthcare industry. During this period, he founded and managed successful diagnostics, biotechnology and medical device businesses. He has successfully raised in excess of \$300 million investment capital in the healthcare/biotech sector and been directly involved in over \$1 billion in M&A and related transactions.

The businesses that Mel has founded have won numerous awards including the Queensland Export Award, Australian Small Business of the Year, Queensland Top 400, BRW's Top 100 Fastest Growing Companies for seven consecutive years and The Australian Quality Award.

Mel has an Honorary Doctorate from Queensland University of Technology.

Other Current Directorships of Listed Companies
ALS Ltd, ImpediMed Ltd, Tissue Therapies Ltd.

Former Directorships of Listed Companies in last three years
Alchemia Limited (October 2003 to July 2013), Genetic Technologies Limited (December 2011 to November 2012), Leaf Energy Limited (August 2010 to September 2012), and Genera Biosystems Limited (December 2008 to November 2010).

Dr John Chiplin PH.D.

Non-Executive Director
Appointed 1 February 2010

Dr. John Chiplin is CEO of Polynoma LLC, a biotechnology company currently running one of the world's largest (Phase III) melanoma trials. Prior to Polynoma, he was the founding CEO of Arana Therapeutics, a world leading antibody developer, and a director of Domantis, Inc., prior to their acquisition by Cephalon & GSK respectively.

His own investment vehicle, Newstar Ventures Ltd., has funded more than a dozen early stage companies in the past ten years. Dr. Chiplin's Pharmacy and Doctoral degrees are from the University of Nottingham. In addition to Benitec Biopharma, he currently serves on the board of Medistem, Inc., and ScienceMedia, Inc.

Other Current Directorships of Listed Companies
Medistem, Inc.

Former Directorships of Listed Companies in the last three years
Arana Therapeutics Ltd., Calzada Ltd., Healthlinx, Ltd., and Progen Pharmaceuticals Ltd.

Mr Iain Ross BSC, CDIR

Non-Executive Director
Appointed 1 June 2010

Mr Iain Ross is an experienced businessman with over 30 years' experience in the international life sciences sector. Following a career with Sandoz, Fisons, Hoffman La Roche, and Celltech he has undertaken and input to a number of company turnarounds and start-ups as a board member on behalf of banks and private equity groups. He has led and participated in 4 IPOs, has direct experience of life science mergers and acquisitions both in the UK and USA and has raised more than £250m in the biotech sector.

He is a Qualified Chartered Director and currently he is Chairman of Ark Therapeutics Group plc (LSE); Biomer Technology Limited, Coms PLC (LSE), Pharminox Limited; and a non-executive director of Tissue Therapies Limited (ASX). Also he is Vice Chairman of the Council of Royal Holloway, University of London.

Other Current Directorships of Listed Companies

Ark Therapeutics Group plc, Coms PLC, Tissue Therapies Limited.

Former Directorships of Listed Companies in last three years: None

Mr Kevin Buchi BA, MBA, CPA

Non-Executive Director
Appointed 14 April 2013

Mr. Buchi served as Chief Executive Officer of Cephalon, Inc. through its \$6.8 billion acquisition by Teva Pharmaceutical Industries in October 2011. After the acquisition Mr. Buchi served as Corporate Vice President, Global Branded Products of Teva Pharmaceuticals. Mr. Buchi joined Cephalon in 1991 and held various positions, including Chief Operating Officer, Chief Financial Officer and Head of Business Development prior to being appointed CEO.

Mr. Buchi currently serves as President and CEO and a member of the Board of Directors of TetraLogic Pharmaceuticals. Mr Buchi is also on the Board of Directors of Stemline Therapeutics, Inc., Forward Pharma A/S, Alexza Pharmaceuticals, Inc. and Epirus Biopharmaceuticals.

Directors' Report



From Left to Right: Mr Greg West, Dr Michael Graham, Mr Carl Stubbings, Mr Iain Ross, Dr Mel Bridges, Dr John Chiplin, Dr Peter French, Mr Peter Francis

Mr Buchi originally trained as a synthetic organic chemist for the Eastman Kodak Company graduating from Cornell University with a Bachelor of Arts degree in chemistry. He holds master's degree in management from Kellogg Graduate School of Management at Northwestern University and is a Certified Public Accountant.

Other Current Directorships of Listed Companies
Stemline Therapeutics, Inc. and Alexza Pharmaceuticals, Inc.

Former Directorships of Listed Companies in last three years
Mesoblast Limited (Australia).

Dr Peter French MBA, PH.D.
Managing Director
Appointed 26 August 2013

Peter French is a cell and molecular biologist who has been extensively involved in both basic and clinical medical research and commercialisation of biological intellectual property. He has an MBA in Technology Management and a PhD in cell biology. Dr French is a Past President of the Australia and New Zealand Society for Cell and Developmental Biology, and represented Australia's biological scientists on the Board of FASTS, Australia's peak government lobbying organization for science and technology. Dr French has conducted cell and molecular research in a broad range of areas relevant to Benitec's DNA-directed RNAi based therapeutic technology, including cancer, HIV/AIDS, neurobiology, immunology and inflammatory disease.

He obtained his PhD in 1987 for work performed at CSIRO on the characterisation of the keratin composition of the developing wool fibre. He carried out postdoctoral research at the Children's Medical Research Foundation, Sydney, on the role of glycoprotein expression in neuronal development. In 1989 he became Principal Scientific Officer and Manager of the Centre for Immunology, St Vincent's Hospital, Sydney. Over the past 15 years Dr French has been extensively involved in Australia's biotechnology industry, initially founding the stem cell storage company Cryosite (ASX:CTE), and then taking up leadership roles at other biotechnology companies prior to joining Benitec in 2009 as its Chief Scientific Officer. Peter was appointed Chief Executive Officer of Benitec in June 2010.

Other Current Directorships of Listed Companies: None

Former Directorships of Listed Companies in last three years: None

COMPANY SECRETARY

Mr Greg West CA
Appointed 26 May 2011

Mr West is a Chartered Accountant with experience in the Biotech sector. He is a Director and audit committee Chairman of ITC Limited (a business arm of Wollongong University), IDP Education Pty Ltd and Education Australia Limited. He worked at Price Waterhouse and has held senior finance executive roles in investment banking with Bankers Trust, Deutsche Bank, NZI, and other financial institutions.

Interests in the shares and options of the company and related bodies corporate

At the date of this report, the interest of the Directors in the shares and options of Benitec Biopharma Limited were:

Director	Number of Ordinary Shares (pre-consolidation*)	Number of Options over Ordinary Shares (pre-consolidation*)
Mr Peter Francis	2,237,175	42,000,000
Dr Mel Bridges	4,130,000	11,665,000
Dr John Chiplin	1,190,846	10,264,063
Mr Iain Ross	750,000	10,187,500
Mr Kevin Buchi	15,384,616	6,153,847
Dr Peter French	8,315,378	36,230,769

* A resolution to consolidate the Company's securities (shares, options and warrants) was approved at the General Meeting on 17 July 2013. The securities consolidation was on a 25:1 basis meaning that shareholders now have 1 new consolidated security for every 25 securities held before Friday 19 July 2013. Capital raisings and securities consolidation are referred to in note 21. Unless otherwise stated, all numbers of securities in this document are before the consolidation.

Directors' Report

CORPORATE INFORMATION

Corporate Structure

Benitec Biopharma Limited ('the Company' or 'Benitec') is a company limited by shares and is incorporated and domiciled in Australia. Benitec Biopharma Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year ('the Group'), which are described in note 11 of the financial statements.

Principal Activities

Benitec is an RNAi-based therapeutics company using its proprietary DNA-directed RNA interference (ddRNAi) technology to develop therapies for the treatment of life threatening diseases with significant unmet need and commercial attractiveness. Benitec's pipeline programs in the last twelve months were HCV, Hepatitis B, non-small cell lung cancer, pain and oculopharyngeal muscular dystrophy. Benitec generates revenue from licensing its technology and research and development grants.

The principal activities of the Group during the year were the management and commercialisation of Benitec's therapeutic programs, funding, and building the IP estate.

Employees

The Group had 7 employees as at 30 June 2013 (2012: 5 employees).

Dividends

No dividends in respect of the current or previous financial year have been paid, declared or recommended for payment.

A key element of Benitec's strategy to generate a competitive and appropriate return for stakeholders has been to prove that ddRNAi will be safe and effective over the longer term in a clinical setting. In the past 12 months, the company has made substantial progress towards this goal. In the latter part of 2013 Benitec expects to move from being a preclinical drug development company to a clinical drug development company with the initiation of the company's "First in Man" clinical trial of its Hepatitis C (HCV) Treatment, TT-034. Demonstrating the safety and efficacy of TT-034 should be a significant value inflection point in addition to "validating" ddRNAi as a transformational platform for targeting multiple diseases.

In an important development for the advancement of ddRNAi, Benitec's licensee Calimmune commenced treating HIV patients in July 2013 with their Cal -1 therapy using Benitec's gene silencing platform. This important milestone represented the first time ddRNAi has been used in a clinical trial.

The October 2012 acquisition of Tacere Therapeutics was an important step moving ddRNAi and Benitec closer to the clinic. The acquisition provided Benitec with TT-034, an advanced preclinical asset using ddRNAi technology, which the company expects to have in clinical trials before the end of 2013. In addition, Benitec has also acquired Tacere's wet Age-Related Macular Degeneration (wAMD) program. Tacere had been conducting extensive preclinical work in this area, with promising early results.

Targeting Multiple Diseases

The ddRNAi technology is potentially applicable to thousands of genes covering multiple conditions, including cancers, neurological diseases, infectious diseases, autoimmune diseases and rare genetic diseases. Benitec's approach is to focus on developing, through in-house programs or out-licensing arrangements, ddRNAi-based treatments for diseases which meet one of the following criteria:

In the latter part of 2013 Benitec expects to move from being a preclinical drug development company to a clinical drug development company with the initiation of the company's "First in Man" clinical trial of its Hepatitis C (HCV) Treatment, TT-034.

OPERATING AND FINANCIAL REVIEW

Benitec is an Australian biotechnology company developing novel therapeutic treatments to treat and potentially cure a range of currently untreatable or incurable diseases by turning off the active genes responsible for the disease. Benitec holds the dominant intellectual property worldwide for this powerful 'gene silencing' technology, *DNA-directed RNA interference* (ddRNAi).

Benitec's ddRNAi approach is significantly different to other gene silencing methodologies. ddRNAi results in the targeted cell continuously manufacturing specific silencing molecules resulting in permanent silencing of the disease-associated gene using just a single treatment.

There are other technologies for turning off target genes, however in all cases the treatment must be continuously re-administered. To our knowledge, only expressed RNAi is able to achieve long term gene silencing from a single treatment.

- Diseases which have a high public profile, high market potential and, if positive outcomes occur in early clinical trials, are very likely to attract the attention of large pharmaceutical companies.
- Diseases with unmet needs involving terminally ill patients in which ddRNAi therapy offers an opportunity to improve survivability and/or quality of life.
- Diseases that are considered "Orphan" – These diseases occur in less than 1 in 100,000 people. While the market opportunities are smaller, the disease status means barriers to market entry are significantly lower.

With these criteria in mind Benitec has selected a broad range of diseases and medical conditions to demonstrate the efficacy of the technology. The aim is to advance many of these into the clinic to demonstrate the value of the technology for human disease. As programs advance into the clinic decisions regarding the priority of these pipeline programs will be made to ensure most effective use of resources. The programs that the company has advanced over the last twelve months are:

- Hepatitis C.** *Datamonitor Healthcare* estimates that the hepatitis C market will display continual growth, with sales of approved drugs jumping from \$4.7bn in 2013 to \$15.5bn in 2022 across the US, Japan, and five major EU markets (France, Germany, Italy, Spain, and the UK). The US market will see huge growth (compound annual growth rate [CAGR] = 16.6%), quadrupling in size during 2013–22. During 2014–17, the US market will thrive due to the entry of warehoused patients into first-line therapy. Benitec believes that the entry of a “one shot” cure for Hepatitis C has the potential to take significant market share from newly entering “interferon free” therapies. TT-034’s single administration also solves the continuing patient compliance issue present with oral regimes.
- Non-Small Cell Lung Cancer.** Lung cancer is the most common cancer in the world with more than 80% being diagnosed as non-small cell lung cancer (NSCLC). NSCLC presents significant public health problems for nearly every country, largely due to the fact that diagnosis generally happens in the advanced stages, and also because of the high death rate associated with the disease. In many instances NSCLCs develop resistance to chemotherapy leading to poor prognosis and high mortality. In collaboration with Professor Maria Kavallaris and researchers at the Children’s Cancer Institute Australia at the University of New South Wales, Benitec’s therapy is targeting the silencing of the beta III tubulin gene implicated in the development of resistance to chemotherapy. Benitec’s approach includes the development of a “companion diagnostic” to identify patients at risk of excessive beta II tubulin expression.
- Cancer-associated pain.** Up to 85% of terminal cancer patients suffer intractable neuropathic pain. Benitec’s ddRNAi technology is being used to develop a novel pain product that can be administered as a single injection to provide long-term pain relief through silencing of a key pain mediator in the spinal cord. An independent publication, using an approach identical to Benitec’s, demonstrated a significant reduction in pain without side effects (*Human Gene Therapy* 2011, 22(4): 465-475) in a validated animal model. This provides proof of concept for Benitec’s approach.
- Hepatitis B.** Infection with the hepatitis B virus (HBV) is a global public health concern. According to the most recent World Health Organization estimates, 2 billion people globally are infected with the virus and 350 million people are chronic carriers. In addition to the huge burden of disease, HBV causes considerable mortality, with an estimated 1 million deaths from HBV-related liver failure, cirrhosis and hepatocellular carcinoma each year. In 2006, there were an estimated 93 million HBV carriers in China alone. Benitec will leverage the company’s considerable Hepatitis C experience, in particular with respect to delivery, to address this significant unmet medical need.
- Age Related Macular Degeneration.** As part of the Tacere acquisition, the Company also acquired a mature pre clinical program in wet age-related macular degeneration (wAMD). It is the leading cause of vision loss in patients over 60 years of age in the developed world, and it remains an area of unmet medical need. There are two forms of AMD, dry (non-neovascular) and wet (neovascular), which affect over 16 million people in the United States and Europe. The annual incidence is expected to increase with an ageing population, and prevalence in Western countries is anticipated to reach 25 million by 2020. Around 10% of patients exhibit wet AMD; however, it accounts for over 90% of the serious loss of vision. The current treatment is a regular (usually monthly) injection into the eyeball of an antibody targeting the inflammatory mediator VEGF. Benitec’s ddRNAi technology, with its ability to provide long term silencing of a target gene from just a single injection has the potential therefore to become the treatment of choice in this market. Currently a \$2 billion market, this program has become a high priority for development and Benitec has lodged a patent application around therapeutic targets.
- OPMD (oculopharyngeal muscular dystrophy)** is an orphan disease caused by a mutant gene. In collaboration with Professor George Dickson at Royal Holloway, University of London, Benitec is using ddRNAi to target the suppression of the mutant gene responsible for this currently untreatable condition, which affects the swallowing muscles.

There are many other diseases that can be targeted by ddRNAi. Benitec’s strategy is to enter into multiple partnering and licensing arrangements with external organisations to exploit the option of broadly using ddRNAi technology for other diseases. Examples of arrangements currently in place are license agreements with Calimmune Inc. (HIV); Revivicor Inc. (organ transplants), Genable Technologies (Retinitis Pigmentosa), uniQure (Huntington’s disease) and Regen BioPharma (Cancer Vaccine – Breast Cancer).

Strategic Advantage

The ability of ddRNAi to be used in a range of diseases affords Benitec a strategic advantage. For high profile diseases such as Hepatitis C, AMD or Cancer Related Chronic pain, when favourable clinical data becomes available, there is a strong probability of attracting the interest of a large pharmaceutical company and subsequently negotiating suitable value/revenue licensing agreements. Other diseases such as orphan indication targets offer lower revenue opportunities, when compared with Hepatitis C for example, however they provide an earlier opportunity to prove or “validate” the efficacy of ddRNAi and a lower barrier to market entry (due to reduced regulatory burden).

Both of these approaches enhance the Company’s ability to broaden the available licensing opportunities and thus access to ongoing revenue streams while improving the overall risk profile by eliminating dependence on one program’s success or failure. After some years in the drug development wilderness there is some evidence to indicate a raising level of interest in RNAi therapies amongst investors. Companies such as: Alnylam (market cap up from \$810 million to \$2.9 billion), Arrowhead (market cap up from \$51 million to \$140 million), Isis (market cap up to \$3.2 billion) and Dicerna (raising a record \$60 million for a private company) are examples of Biotechnology companies operating in Benitec’s gene therapy technology space that are gaining considerable momentum with their technology and investors.

Directors' Report

Overview of Operations

Benitec has continued to advance the company's strategy of moving programs closer to the clinic. The acquisition of Tacere and TT-034 was a significant contribution to this effort. The company has continued to leverage this advantage by completing the numerous activities required to take TT-034 into the clinic. In addition, Benitec has progressed its other programs through preclinical development, further strengthening the company's robust pipeline, extending its intellectual property and executing on key development milestones. These are described below in detail.

Highlights of the programs over the previous 12 months include:

- **Hepatitis C – "TT-034"**. Since the finalisation of the Tacere acquisition in October 2012, Benitec has made significant progress moving TT-034 closer to the clinic. These activities have included:
 - Selecting Synteract Inc. as the company's Clinical Research Organisation (CRO). Synteract has extensive experience in conducting clinical trials and preparing regulatory submissions in the US.
 - Appointing the Duke Clinical Research Unit and University of California, San Diego (UCSD) Health Sciences as clinical trial sites for the TT-034 phase I/II study.

Benitec has continued to advance the company's strategy of moving programs closer to the clinic. The acquisition of Tacere and TT-034 was a significant contribution to this effort.

1. Pipeline

Benitec now has six development programs underway in house. As described previously the company expects to enter clinical trials for HCV before the end of 2013. Successful results in any program could lead to a significant partnership with a major pharmaceutical company. In addition, Benitec has entered into out-licensing deals for programs in HIV/AIDS, retinitis pigmentosa, Huntington's disease and Breast Cancer bringing to eleven the number of ddRNAi-based programs being developed. As discussed previously Calimmune's Cal-1 is already in the clinic with TT-034 expected to enter the clinic before the end of 2013.

Indication	Participants	Discovery	Pre-clinical	Clinical
Hepatitis C	Duke Medical, UCSD			
NSCLC*	CCIA at UNSW			
Cancer-associated pain	Stanford University			
Hepatitis B	Biomics Biotechnologies			
OPMD**	Royal Holloway, University of London			
Wet-AMD***	Acquired from Tacere			
Retinitis pigmentosa	Licensed to Genable			
HIV / AIDS	Licensed to Calimmune			
Huntington's disease	Licensed to uniQure			

- Receiving favorable review from the National Institutes of Health (NIH) Recombinant DNA Advisory Committee (RAC). Since TT-034 is regulated as a gene therapy, the clinical trial protocol is required to undergo a public review by the RAC prior to an Investigational New Drug (IND) application being submitted. The RAC was very supportive of the application and did not require any significant alteration to the protocol.
- US Food and Drug Administration (FDA) advised that a formal pre-IND meeting was not required and the Company can therefore proceed to finalise the IND based on the Company's extensive pre-clinical data.
- TT-034 was selected for oral presentation by Dr David Suhy at two international conferences - the American Association for the Study of Liver Disorders, and HCV 2013. Both conferences are prestigious international meetings of researchers, clinicians and industry representatives. Selection for oral presentation is a significant recognition and a sign of growing interest in Benitec's novel ddRNAi-based approach to developing a single shot treatment for HCV.

- **Chemotherapy-resistant lung cancer – "Tribetarna™"**. Benitec's Lung Cancer program targeting the silencing of the gene responsible for chemotherapy resistance, beta III tubulin, made very encouraging progress toward the clinic. Significant milestones in the last 12 months included:
 - In November 2012 studies conducted at the Children's Cancer Institute Australia, University of NSW (CCIA), confirmed that an intravenous injection of the program's silencing molecule, Tribetarna™ (the Benitec-designed ddRNAi silencing molecule targeting the beta III tubulin gene), is very efficiently and specifically taken up by lung tumours and results in significant silencing (more than 70%) of the target gene in those tumours.
 - In April 2013 additional studies conducted at the CCIA demonstrated significantly increased survival of tumour-bearing animals *in vivo*. The data showed that, in a mouse orthotopic model of human lung cancer, the animals that were treated with a combination of Tribetarna™ and chemotherapy survived significantly longer than those that were treated with chemotherapy without the active ddRNAi molecule.
 - Benitec appointed Europe based Clinical Trials Group (CTGCRO) to manage the initial clinical development of Tribetarna™, and a proposed Phase I/IIa clinical trial which the company aims to commence in Q4 calendar year 2014.

*Non-small cell lung cancer and other chemotherapy-resistant cancers

**Oculopharyngeal Muscular Dystrophy, an orphan disease

***Age-Related Macular Degeneration

Directors' Report

- The company executed an exclusive license with University of New South Wales (UNSW) providing Benitec with the worldwide rights to use RNA interference (RNAi) to silence the beta III tubulin gene. Importantly this license also allows Benitec to develop a “Companion” Diagnostic to be used in conjunction with this therapy to aid in the targeting of Tribetarna™ to patients most at risk of developing resistance to chemotherapy.
 - **Chronic cancer-associated pain – “Nervarna™”.**
In association with Stanford University. The key outcomes from this program in the past 12 months were:
 - **wet Age-Related Macular Degeneration (AMD).** AMD is the leading cause of irreversible vision loss in the developed world and it remains an area of unmet medical need. It is estimated to affect around 1.75 million people in the US alone. It is a disease of ageing, with 10% of people aged between 60 and 75 and 25% of people older than 75 years old suffering from wetAMD. Macular degeneration develops when the macula (the part of the eye responsible for central vision) is unable to function as effectively as it used to. It is unclear what causes the macula to become damaged, but getting older, smoking and a family history of the disease are known to increase the risk of developing the condition.
-

Benitec now has six development programs underway in house.

- Two novel and effective target sequences which are conserved on the PKCγ gene across key test species were identified and a patent application was lodged adding additional protection to this therapeutic program.
- Appointment of Professor David Yeomans from Stanford University to set up preclinical pain models and undertake preliminary *in vivo* testing of newly manufactured constructs. Professor Yeomans is an international leader in pain research and is Associate Professor, Anesthesia at the Stanford School of Medicine and Director of Pain Research
- A test batch of constructs in a lentiviral vector was manufactured and delivered for testing *in vitro* and *in vivo*
- The preliminary data indicated that the activity of the constructs was lower than expected. Experiments to improve activity and efficiency of the constructs will be carried out as resources allow.
- Professor David Yeomans presented an overview of Benitec's pain program at the 13th Annual Pain Therapeutics Conference in London, UK. Dr Yeomans reported that the presentation received considerable interest and the consensus was that the protein kinase C gene is an appropriate target for Benitec's gene silencing approach using ddRNAi.
- The Pain Program remains an important area for the Company, but following the acquisition of Tacere, it has become a lower priority than advancing TT-034 to the clinic.

The wet AMD market is estimated to be worth approximately \$4 billion a year and expected to reach \$8.2 billion by 2016. Macromolecular drugs have revolutionized the management of wet AMD by directly inhibiting vascular endothelial growth factor (VEGF). However they are limited by the need to repeatedly administer them via intra-ocular injections, every 1-3 months. Ranibizumab (Lucentis; Genentech/Roche), a monoclonal antibody fragment that inhibits VEGFA is the current standard of treatment for wet AMD, accounting for 94% of the market currently.

Benitec acquired this program as part of the Tacere acquisition. The approach is to introduce a single shot therapy that will suppress the major inflammatory mediators of the disease without having to re-administer for months or possibly years. If successful, this would be a major breakthrough for the treatment of this disease.

- **Hepatitis B – “Hepbarna™”**. Based on information from Tacere Therapeutics following its acquisition by Benitec, the design of the hepatitis B ddRNAi construct was amended to mimic the HCV construct, in order to use the lessons learned from the extensive development of TT-034. This involved defining three sequences that target highly conserved regions of the HBV polymerase gene and have high silencing efficacy *in vitro*; defining their specificity activity, and modifying the design to minimise any potential toxicity prior to *in vivo* testing; and establishment of a high throughput assay system. In a further boost for this program Benitec's collaborator Biomics was named “Asia Pacific Emerging Company of the Year”. In part Biomics received this award for their development of an RNAi therapy for Hepatitis B.
- **Genetic disease – “Pabparna™”**. Benitec's treatment for Oculopharyngeal Muscular Dystrophy (OPMD), which is being developed in collaboration with the Royal Holloway, University of London, had a number of key outcomes over the last 12 months as the program continued to advance:

Chief Investigators' Group

The Benitec Chief Investigators' Group (CIG) was formed in February 2011 and has met four times since then to review the company's research programs.

The CIG includes program leaders of groups associated with Benitec's clinical pipeline. Initial members were Professor John Rossi (City of Hope Cancer Centre, CA, USA); Dr York Zhu (Biomics Biotechnologies, Nantong, China) and Professor Maria Kavallaris (Children's Cancer Institute Australia (CCIA) at the University of New South Wales (UNSW), Australia) as well as Benitec's CEO Dr Peter French, Dr Ken Reed (Benitec founder) and Dr Michael Graham (the discoverer of Benitec's RNAi technology). New members have joined the CIG since then, namely Prof. George Dickson (Royal Holloway - University of London) who heads the OPMD program, Dr Geoff Symonds from Calimmune Inc. who is involved in the company's HIV program, Dr David Yeomans (Stanford University) who has commenced collaboration on the pain program and Dr David Suhy (Tacere).

The CIG brings together world-class researchers in their respective fields and has provided invaluable assistance to Benitec in refining and focusing the company's research pipeline.

- A triple cassette construct targeting the PABPN1 gene was designed and tested *in vitro* and was found to produce a high level of silencing of the target defective gene.
- Development of a design for a gene silencing and replacement therapeutic strategy and experiments have been completed *in vitro* and *in vivo*.

External validation of the potential of Benitec's ddRNAi technology continues to grow through the success of the company's expanding group of licensees. Over the last 12 months these successes have included:

- **Cal 1** - Benitec's US-based licensee Calimmune Inc. commenced treating patients with their HIV/AIDS gene medicine candidate, Cal-1 in a Phase I/II trial. The Cal 1 therapy utilizes ddRNAi based gene silencing technology along with additional proprietary technology to reduce the ability of HIV to enter immune cells. The trial is entitled “Safety Study of a Dual Anti HIV Gene Transfer Construct to Treat HIV-1 Infection”.
- **Huntington's disease** - In December 2012 Benitec announced that it had entered into a sub-licensing agreement with Amsterdam-based uniQure BV. Benitec's non-exclusive license allows uniQure to develop a treatment for Huntington's disease using the company's ddRNAi gene silencing technology. uniQure was the first company to gain market approval for a gene therapy product (Glybera) in Western countries. uniQure has developed a unique ability to take gene therapy-based programs from pre-clinical stages to commercialisation.
- **Retinitis pigmentosa** - Benitec's licensee Genable Technologies Ltd was granted orphan drug designation from the Federal Drug Administration (FDA) in the US for its gene therapy product GT308 for treating the eye disease retinitis pigmentosa. The granting of this status means that in the US Genable will gain seven years of market exclusivity once the product is approved.

The CIG brings together world-class researchers in their respective fields and has provided invaluable assistance to Benitec in refining and focusing the company's research pipeline. CIG membership is not a remunerated role. The last meeting was on Monday 13 May 2013 and received presentations from:

Dr David Suhy	Benitec / Tacere	Benitec's HCV program
Dr Michael Graham	Benitec	Benitec's HBV, pain & OPMD programs
Prof Geoff Symons	Calimmune	Calimmune's HIV program
Prof Maria Kavallaris	UNSW	Benitec's Lung cancer program
Dr Jingkang Wang	Biomics	Biomics' programs

2. Intellectual Property

Benitec's core patents and rights are based on research in the 1990's conducted by Benitec's Chief Scientist Dr Michael Graham and colleagues at CSIRO and are supported by subsequent filings that extend the scope of its intellectual property. Benitec's patent and license estate represents a dominant position in DNA-directed gene silencing for therapeutic use in humans.

The Graham patents are granted in most significant jurisdictions. Oppositions to the decision to grant the European patents have been filed and are currently being considered by the EPO opposition division.

- Following the decision in 2011 to grant two European patents in the Graham family, EP1555317 and EP1624060, oppositions were filed against EP1555317 by BASF SE and an anonymous party under the name Strawman Limited, and against EP1624060 by BASF SE.
- The European Waterhouse et al patent application EP1068311 has been opposed by four parties, namely BASF SE, Strawman Limited, Carnegie Institution of Washington/University of Massachusetts, and Syngenta International AG.

Directors' Report

Benitec continues to file new patent applications to extend the scope of its patent estate and protect emerging IP developed from the existing research programs. Patents to protect the company's lead therapeutic TT-034 have previously been granted in USA, Europe, Japan and Australia - additional patents were granted during the last year.

- Patents have been granted in the last year in Canada (258771), South Korea (10-1246862), USA (8283461) and China (20058001397.5) to protect aspects of the design of Benitec's HCV silencing molecule, TT-034.

Benitec has also licensed external IP to further strengthen its position. The company executed a license from the University of New South Wales in October 2013. This grants Benitec exclusive rights to use RNAi technology to silence the beta III tubulin gene to overcome chemotherapy resistance in Non-Small Cell Lung Cancer and also allows the development of a "Companion Diagnostic" to aid in the identification of patients who might benefit from such a treatment.

- Claims protecting these technologies have been granted in China (200880014915) and Singapore (200905810) and are being examined in other key jurisdictions.

3. Commercialisation

Business Development remained a major focus for Benitec in 2012 – 2013. The Company's aim is to create appropriate/competitive return on investment for Benitec stakeholders by commercialising the company's gene silencing technology, ddRNAi.

Benitec is driving toward two key pathways to generate revenue. Both pathways are tied to the advancement of the company's in-house programs into the clinic. The key to commercial success is partnering one or more of the company's programs with a suitable Pharmaceutical company. While Pharmaceutical companies will occasionally execute partnering agreements on preclinical "early stage" programs the majority of high value transactions occur when programs are well advanced in their clinical development.

The Company expects that positive results in this trial would result in an important value infection point for the company and its stakeholders. Positive efficacy would validate ddRNAi as a technology platform creating greater value for the company's other programs. Importantly it would enable Benitec to advance partnering/licensing discussions with potential commercial partners.

- **Out-licensing ddRNAi** – The broad applicability of ddRNAi to a variety of diseases enables the company to out-license the technology for targets that Benitec does not intend pursuing. As mentioned previously, during 2012 – 2013 Benitec secured two such licenses:

- **uniQure** – Huntington's Disease
- **Regen** – Breast Cancer

This brings the total number of programs Benitec has out-licensed to 4 (Calimmune and Genable executed licenses with Benitec during 2011 - 2012).

As Benitec's licensees progress programs toward commercialisation the Company will receive milestone payments, and ultimately if their indications are approved and reach the market, Benitec will be a beneficiary of commercially competitive royalty payments. Additionally, Benitec will benefit from early stage partnering deals. Benitec would expect positive clinical data from TT-304 to create more interest and value for its Out-licensing strategy.

Raising awareness of ddRNAi

Benitec has been active in promoting awareness of ddRNAi technology, its uses, its importance and the promise it holds. Progress in Benitec's programs has been presented at the 6th Annual Pain Summit (San Jose, October 2012), Bio Investor Forum (San Francisco, October 2012), AusBiotech Investor Showcase (Melbourne, November 2012), JP Morgan – Cowen Biotech Showcase (San Francisco, January 2013), Cappello Australia – US Investment Conference (Los Angeles, January 2013), AusBiotech US Investor Showcase (New York, April 2013) and at the International Association for the Study of Pain summit (London, May 2013).

The Company's aim is to create appropriate/competitive return on investment for Benitec stakeholders by commercialising the company's gene silencing technology, ddRNAi.

To increase the certainty of being able to execute a partnering agreement with a suitable Pharmaceutical company Benitec is focused on moving the company's programs into the clinic. Early stage communications with potential partners have resulted in significant interest in ddRNAi, with all potential partners expressing the desire to see additional data and specifically clinical data.

- **In-house Pipeline** – developing programs for therapies in-house up to and including, where appropriate, phase I/II clinical trials continues to be the major focus for Benitec. Acquisition of Tacere and its near-to-clinic treatment for Hepatitis C (TT-034) enabled Benitec to accelerate the Company's progress into the clinic. Benitec expects a TT-034 clinical trial to commence before the end of 2013. The planned US-based trial is an open-label dose-escalation study in infected patients, with interim data on safety and efficacy likely within months of trial commencement.

Further acknowledgement of the growing recognition of ddRNAi was also evident in the acceptance of Benitec's TT-034 for oral presentations at the American Association for the Study Liver Diseases (The Liver Meeting™) (Washington DC, November 2013) and the International Symposium on Hepatitis C Virus and Related Viruses (Melbourne, October 2013).

Directors' Report

Raising Benitec's profile

The company is also actively raising its profile as an innovator and leader in gene-silencing, with ABC TV's "The Business" (interview with Dr Peter French and Dr Michael Graham). Benitec's profile has been greatly enhanced on Australia radio with appearances by Dr Peter French on Radio 2GB's Steve Price, an in depth 30 minute studio interview with Jon Faine on ABC Radio's 'Revolutions' program and recently an interview by Chris Smith on his 2GB Afternoon program.

In the print media, Benitec featured in a Bioshares Report (reporting on Kevin Buchi's appointment as a Director and recommending Speculative Buy Class A), Business Review Weekly (who published a story on Benitec's successful capital raise, focusing on the company's TT-034 progress), and in the Health and Aged Care magazine (focusing on the potential of the technology across a range of diseases). Lodge Partners published a number of Research Reports continuing to maintain a 'Buy' recommendation. In electronic media, the company produced a ddRNAi animated video explaining how the technology works, highlighting its use in the treatment of Hepatitis B and C (<https://www.youtube.com/watch?v=QFmPBOEMO1Y>).

Cash Flows

The cash flows of the Company consist of income from licensing the Company's technology, proceeds from issue of shares, Research and Development grant receipts, payments to employees and suppliers for co-investment and/or licensing collaborations to exploit the Company's intellectual property portfolio and the maintenance of the small corporate structure.

Capital raisings / capital structure

During the year the Company made a share issue to the Tacere vendors for \$1,173,585 and further share issues were made as a result of private placements for \$1,086,844 net of costs. The private placements were part of the capital management program and will provide funding for research and development programs and working capital. Further capital raisings and a securities consolidation on a 25:1 basis have occurred in the period after balance date and are referred to in note 21.

A resolution to consolidate the Company's securities (shares, options and warrants) was approved at the General Meeting on 17 July 2013. The securities consolidation was on a 25:1 basis meaning

The company is also actively raising its profile as an innovator and leader in gene-silencing.

Financial Overview

Benitec's net loss for the year to 30 June 2013 was \$3,487,960 compared to a net loss of \$4,112,617 for the previous corresponding period.

The loss for the year includes the Tacere goodwill write-off of \$1,503,926 and share based expense of \$518,749 (2012: \$1,093,122). Operating revenue of \$1,464,182 (2012: \$503,034) included Research and Development Grants received totalling \$824,333 (2012: \$11,753)

Expenses before impairment costs, foreign currency translation and share based expense were \$4,456,312 (June 2012: \$3,531,201)

The loss for the year includes;

- Impairment costs of \$1,503,296 relating to the write-off of goodwill and other identifiable intangibles on the acquisition of Tacere Therapeutics Inc. ('Tacere'). The immediate write-off of the Tacere acquisition goodwill and other identifiable intangibles on the acquisition is considered to be the most appropriate accounting treatment as the intellectual property is a preclinical trial and hence the future economic benefit is uncertain.
- Share based expenses of \$518,749 (2012: \$1,093,122)

Benitec's current assets at 30 June 2013 were \$1,722,590 (June 2012: \$3,220,403), with current liabilities of \$1,110,370 (June 2012: \$588,292). Current liabilities include \$357,179 representing Benitec Biopharma Limited shares held in reserve (from the Tacere acquisition consideration of 102,321,345 shares) and not to be issued to the Tacere vendors for a period of 12 months from acquisition. The reserve shares were established by an agreement with the Tacere vendors for the purposes of satisfying indemnities to Benitec, if required.

that shareholders now have 1 new consolidated security for every 25 securities held before Friday 19 July 2013. Information relating to the share consolidation, including the consolidation timetable, was provided to shareholders in the Notice of Meeting, the Benitec website and on the BLT page of the ASX website. Unless otherwise stated, all numbers of securities in this document are before the consolidation on 19 July 2013.

Ordinary Shares

102,839,208 ordinary shares were issued during the year through private placements at prices ranging from \$0.011 to \$0.013 per share. In addition, 78,446,306 ordinary shares were issued to the Tacere vendors during the year at \$0.015 per share.

Options

At the date of this Directors' Report, the Company has a total of 439,857,844 options to acquire ordinary shares in the Company. Unless otherwise noted, all options are unlisted, restricted and are categorised as follows:

Type	Number
Listed Options - BLTO	46,673,907
Listed Options - BLTOB	201,309,366
Employee Share Option Plan	75,700,000
NED Options	73,000,000
Directors' Options	1,953,125
Strategic Adviser Warrants	6,126,962
Unlisted Options	35,076,924
Other	17,560
Total	439,857,844

Directors' Report

Employees Share Option Plan (ESOP)

The Employees Share Option Plan (ESOP) governs options issued to employees. ESOP options expire on the dates set out below. Options held by any employee who resigned earlier will expire on a time determined by the Board or within twelve months. The Board has the power to adjust, amend and cancel the ESOP. Non-Executive Directors are currently excluded from the ESOP.

Options on issue under the Employees Share Option Plan are:

Grant Date	Expiry Date	Exercise Price	Number
13 July 2010	19 August 2014	\$0.0204	6,500,000
17 November 2011	17 November 2016	\$0.0500	45,000,000
7 February 2012	7 February 2017	\$0.0500	4,200,000
18 July 2012	18 July 2017	\$0.0500	10,000,000
16 November 2012	16 November 2017	\$0.0500	10,000,000
Total			75,700,000

ESOP options which lapsed during the financial year were:

Expiry Date	Exercise Price	No. Lapsed
21 February 2013	\$0.0781	300,000
10 June 2013	\$0.0289	5,000,000

Non-Executive Director Options on issue are:

Grant Date	Expiry Date	Exercise Price	Number
13 July 2010	19 August 2014	\$0.0228	3,000,000
26 September 2011	26 September 2016	\$0.0500	70,000,000
Total			73,000,000

Summary of Shares, Options and Warrants on Issue – 30 June 2013

The Company had 1,151,914,043 listed ordinary shares and 247,983,273 listed options on issue at reporting date. There are also 185,747,609 unlisted options and 6,126,962 warrants on issue, details of which are included in note 15 to the financial statements.

Unissued Shares

As at the date of this report, there were 439,857,844 options over unissued ordinary shares (439,857,844 at the reporting date), details of which are included in note 15 to the financial statements. Option holders do not have the right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme related to the Company.

Shares issued as a result of the exercise of Options

During the year no shares were issued on the exercise of options issued by the Company (2012: nil).

Significant changes in the state of affairs

During the year there were no significant changes in the Company's state of affairs.

Significant events after the reporting date

Benitec announced a capital management update on 6 June 2013, including details of a Private Placement and share purchase plan (SPP).

The private placement raised \$7,900,000 and was subscribed to by several new institutional investors, along with Benitec management and directors and existing sophisticated investors at \$0.011 per share. The placement was conducted in two tranches on the following basis:

- Tranche 1 – \$412,000 was raised under the Company's 15% placement capacity, in accordance with ASX Listing Rule 7.1, and settled on 14 June 2013; and
- Tranche 2 - \$7,488,000 was raised following shareholder approval, settled on 24 July 2013.

A General Meeting was held on 17 July 2013 where shareholders approved Tranche 2 of the private placement, together with a 25-for-1 consolidation of the Company's issued securities. The securities consolidation means that shareholders now have 1 new consolidated security for every 25 securities held before Friday 19 July 2013. Information relating to the share consolidation was provided to shareholders in the Notice of Meeting, the Benitec website and on the BLT page of the ASX website. Unless otherwise stated, all numbers of securities in this document are before the consolidation on 19 July 2013.

The SPP raised \$2,840,000 and closed on 29 July 2013. The SPP was conducted on the same terms as the private placement, and allotment of shares to participants in the SPP occurred on 6 August 2013.

Benitec announced plans on 3 June 2013 to progress its non-small cell lung cancer (NSCLC) therapeutic Tribetarna™ into Phase II clinical trials in late 2014 calendar year. The Company had reached agreement to use European-based clinical research organisation Clinical Trials Group (CTGCRO) to manage the trial, and subsequently negotiated favourable commercial terms which included prepayments covering the clinical trial and consulting services.

No other matters or circumstances have arisen since 30 June 2013 which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

Likely developments and expected results

Further information on likely developments in the operations of the Group has not been included in this report because at this stage the directors believe it would be likely to result in unreasonable prejudice to the Group.

Benitec Biopharma Limited is listed on the Australian Securities Exchange (ASX) and is subject to the continuous disclosure requirements of the ASX Listing Rules which require timely disclosure of information which may affect security values or influence investment decisions, and information in which security holders, investors and ASX have a legitimate interest

Directors' Report

Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Meetings of Directors

The number of meetings of the Directors held during the year and the number of meetings attended by each director was as follows:

	Board of Directors		Risk & Audit Committee	
	Attended	Held	Attended	Held
Peter Francis	17	17	2	2
Mel Bridges	17	17	2	2
John Chiplin	15	17	-	-
Iain Ross	14	17	-	-
Kevin Buchi	3	4	-	-

Committee membership

Due to the small number of Directors, it was determined that the Board would undertake all of the duties of a properly constituted Remuneration and Nomination Committee.

The Audit and Risk Committee is chaired by Dr Bridges and met twice during the financial year.

Remuneration report

This report details the nature and amount of remuneration for each director of the Company, and for all key management personnel.

The information provided in the Remuneration Report has been audited as required by s308 (3c) of the Corporations Act 2001.

Remuneration Philosophy

The remuneration policy of the Company is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives based on key performance areas. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated entity, as well as create goal congruence between directors, executives, and shareholders.

The Board is responsible for determining the appropriate remuneration package for the CEO, and the CEO is in turn responsible for determining the appropriate remuneration packages for senior management.

All executives are eligible to receive a base salary (which is based on factors such as experience and comparable industry information), fringe benefits, options, and performance incentives. The Board reviews the CEO's remuneration package, and the CEO reviews the other senior executives' remuneration packages, annually by reference to the consolidated entity's performance, executive performance, and comparable information within the industry.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the overall success of the Company in achieving its broader corporate goals. Bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can recommend changes to the CEO's recommendations. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are entitled to participate in the Employee Share Option Plan.

Australian executives or directors receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment, and responsibilities. The Board as a whole determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties, and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance Based Remuneration

Each executive's remuneration package has a performance-based component. The intention of this approach is to facilitate goal congruence between executives with the business and shareholders. Generally, the executive's performance based remuneration is tied to the Company's successful achievement of certain key milestones relating to its operating activities, as well as the Company's overall financial position.

Company Performance, Shareholder Wealth, and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors, and executives. Two methods are applied in achieving this aim, the first being a performance based bonus based on achievement of key corporate milestones, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

Directors' Report

Details of Remuneration for Year Ended 30 June 2013

Table 1. Non-Executive Director Remuneration for the year ended 30 June 2013

		Short Term		Post Employment			Equity	Total	% of remuneration consisting of options
		Salary & Fees	Cash Bonus	Non Monetary Benefits	Super-annuation	Termination Benefits	Options		
		\$	\$	\$	\$	\$	\$	\$	
Peter Francis	2013	113,328	-	-	-	-	137,728	251,056	54.9%
	2012	85,000	-	-	-	-	359,406	444,406	80.9%
Mel Bridges	2013	55,000	-	-	-	-	34,444	89,444	38.5%
	2012	55,000	-	-	-	-	105,026	160,026	65.6%
John Chiplin	2013	50,000	-	-	-	-	34,444	84,444	40.8%
	2012	50,000	-	-	-	-	82,666	132,666	62.3%
Iain Ross	2013	50,000	-	-	-	-	34,444	84,444	40.8%
	2012	50,000	-	-	-	-	82,666	132,666	62.3%
Kevin Buchi	2013	10,972	-	-	-	-	-	10,972	0%

There was no performance related remuneration payable to non-executive directors during the year.

Table 2. Remuneration of key management personnel for the year ended 30 June 2013

		Short Term		Post Employment			Equity	Total	% of remuneration consisting of options
		Salary & Fees	Cash Bonus	Non Monetary Benefits	Super-annuation	Termination Benefits	Options		
		\$	\$	\$	\$	\$	\$	\$	
Peter French	2013	249,800	-	-	15,775	-	104,167	369,742	28.2%
	2012	249,800	-	-	15,199	-	304,125	569,124	53.4%
Carl Stubbings	2013	240,000	-	-	15,775	-	54,166	309,941	17.5%
	2012	-	-	-	-	-	-	-	-
Michael Graham	2013	185,000	-	-	15,775	-	52,083	252,858	20.6%
	2012	84,792	-	-	7,266	-	125,000	217,058	57.6%
David Suhy	2013	135,662	-	-	-	-	38,710	174,372	22.2%
	2012	-	-	-	-	-	-	-	-
Greg West	2013	162,333	-	-	14,610	-	2,790	179,733	1.6%
	2012	152,333	-	-	13,710	-	7,425	173,468	4.3%

Directors' Report

	Fixed remuneration	At risk - STI	At risk - Options
Peter French	71.8%	-	28.2%
Carl Stubbings	82.5%	-	17.5%
Michael Graham	79.4%	-	20.6%
David Suhy	77.8%	-	22.2%
Greg West	98.4%	-	1.6%

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous five financial years:

	2013	2012	2011	2010	2009
Loss per share (cents per share)	(0.33)	(0.43)	(0.68)	(1.21)	(0.80)
Dividends (cents per share)	-	-	-	-	-
Net loss (\$ 000's)	(3,488)	(4,113)	(3,535)	(4,641)	(2,471)
Share price (cents per share)	1.5	1.7	2.8	2.6	2.3

Options Issued as Part of Remuneration for the Year Ended 30 June 2013

Options can be issued to executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the executives of the Company to increase goal congruence with Company objectives. During the year ended 30 June 2013, 20,000,000 options (2012: 48,000,000) were granted to Dr David Suhy and Carl Stubbings under the terms of their employment agreements. There were no options issued to directors as part of their remuneration.

Number of Options held by Key Management Personnel

	Balance 1 July 11	Granted as Remuneration	Options Acquired	Options Exercised/Lapsed/Other	Balance at 30 June 12	Total Vested at 30 June 12	Total Exercisable at 30 June 12
Specified Non-Executive Directors							
Peter Francis	44,000,000	-	-	2,000,000	42,000,000	28,166,666	28,166,666
Mel Bridges	12,998,333	-	-	1,333,333	11,665,000	8,166,666	8,166,666
John Chiplin	10,264,063	-	-	-	10,264,063	6,666,666	6,666,666
Iain Ross	10,187,500	-	-	-	10,187,500	6,666,666	6,666,666
Kevin Buchi	-	-	6,153,847	-	6,153,847	-	-
Sub-total	77,449,896	-	6,153,847	3,333,333	80,270,410	49,666,664	49,666,664
Specified Executives							
Peter French	40,000,000	-	1,230,769	5,000,000	36,230,769	25,000,000	25,000,000
Carl Stubbings	-	10,000,000	307,692	-	10,307,692	-	-
Michael Graham	15,000,000	-	-	-	15,000,000	10,000,000	10,000,000
David Suhy	-	10,000,000	-	-	10,000,000	-	-
Greg West	3,000,000	-	-	-	3,000,000	1,000,000	1,000,000
Sub-total	58,000,000	20,000,000	1,538,461	5,000,000	74,538,461	36,000,000	36,000,000
Total							

* Refers to securities purchased during the financial year not as part of remuneration.

Directors' Report

Payments to Related Parties of Directors

Legal services at normal commercial rates totalling \$103,492 (2012: \$166,912) were provided by Francis Abourizk Lightowlers, a law firm in which Mr Peter Francis is a partner and has a beneficial interest.

Consultancy fees were paid for executive duties totalling \$40,000 (2012: \$40,000) provided by NewStar Ventures Ltd, a corporation in which Dr John Chiplin is a director and has a beneficial interest.

Consultancy fees were paid in 2012 for executive duties provided by Gladstone Consultancy Partnership, an entity in which Mr Iain Ross is a partner and has a beneficial interest (2013: \$nil; 2012: \$19,000).

Employment Contracts

The employment conditions of Dr Peter French, the Managing Director and Chief Executive Officer, are formalised in a contract of employment prepared on his appointment as Chief Executive Officer and dated 4 June 2010. Dr French's appointment with the Company may be terminated with the Company giving six months' notice or by Dr French giving six months' notice. The Company may elect to pay Dr French an equal amount to that proportion of his salary equivalent to six months' pay in lieu of notice, together with any outstanding entitlements due to him. The Company may, at any time, by notice in writing terminate Dr French's contract immediately in the event of serious misconduct.

The employment conditions of Carl Stubbings, the Chief Business Officer, are formalised in a contract of employment dated 28 May 2012. Mr Stubbings' appointment with the Company may be terminated with the Company giving three months' notice or by Mr Stubbings giving three months' notice. The Company may elect to pay Mr Stubbings an equal amount to that proportion of his salary equivalent to three months' pay in lieu of notice, together with any outstanding entitlements due to him. The Company may, at any time, by notice in writing terminate the contract immediately in the event of serious misconduct.

The employment conditions of Dr Michael Graham, the Chief Scientific Officer, are formalised in a contract of employment dated 1 January 2012. Dr Graham's appointment with the Company may be terminated with the Company giving three months' notice or by Dr Graham giving three months' notice. The Company may elect to pay Dr Graham an equal amount to that proportion of his salary equivalent to three months' pay in lieu of notice, together with any outstanding entitlements due to him. The Company may, at any time, by notice in writing terminate the contract immediately in the event of serious misconduct.

The employment conditions of Dr David Suhy, Senior Vice President, Research and Development, are formalised in a contract of employment dated 28 August 2012. Dr Suhy's appointment with the Company may be terminated with the Company effectively giving three months'. The Company may elect to pay Dr Suhy an equal amount to that proportion of his salary equivalent to three months' pay in lieu of notice, together with any outstanding entitlements due to him. The Company may, at any time, by notice in writing terminate the contract immediately in the event of serious misconduct.

The employment conditions of Mr Greg West, the Company Secretary, are formalised in a contract of employment dated 23 August 2011. Mr West's appointment with the Company may be terminated with the Company giving two months' notice or by Mr West giving two months' notice. The Company may elect to pay Mr West an equal amount to that proportion of his salary equivalent to two months' pay in lieu of notice, together with any outstanding entitlements due to him. The Company may, at any time, by notice in writing terminate the contract immediately in the event of serious misconduct.

Indemnification and insurance of Directors and Officers

The Company has entered into Deeds of Indemnity with the Directors, the Chief Executive Officer and the Company Secretary, indemnifying them against certain liabilities and costs to the extent permitted by law.

The Company has also agreed to pay a premium in respect of a contract insuring the Directors and Officers of the Company. Full details of the cover and premium are not disclosed as the insurance policy prohibits the disclosure.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Benitec Biopharma Limited observe the ASX principles of corporate governance. The Company's corporate governance statement is included on page 17 of this annual report.

AUDITOR INDEPENDENCE

The Directors received the declaration included on page 16 of this annual report from the auditor of Benitec Biopharma Limited.

The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors and management assess the provision of non-audit services before engagement to be satisfied that the auditor did not compromise the auditor independence requirements of the Corporations Act.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

Non-audit services provided by external auditors during the year ended 30 June 2013 relate to taxation advice for which fees of \$43,230 (2012: \$38,909) were paid.

This report has been made in accordance with a resolution of the Directors.



Peter Francis
Chairman

Sydney
30 August 2013



Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 19, 2 Market 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 audit of Benitec Biopharma Limited for the year ended 30 June 2013, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink that reads "NJ Bradley".

NJ Bradley
Partner - Audit & Assurance

Sydney, 30 August 2013

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Corporate Governance Statement

The Board of Directors is responsible for establishing the corporate governance framework of the Group. The Board guides and monitors the business and affairs of Benitec on behalf of its shareholders by whom they are elected and to whom they are accountable.

The Company's corporate governance reflects the ASX Corporate Governance Council's principles and recommendations. The following commentary summarises the Company's compliance with the ASX Corporate Governance Council's recommendations.

PRINCIPLE 1

Lay solid foundations for management and oversight

The Board has adopted a formal charter that sets out their responsibilities. This charter is posted on the Company's website www.benitec.com. The Board sets objectives, goals and strategic direction along with a policy framework which management then works within to manage day-to-day business. The Board monitors this on a regular basis. There is clear segregation between the Board and management. Any functions not reserved for the Board and not expressly reserved for members by the Corporations Act and ASX Listing Rules are reserved for senior executives.

Senior executives are subject to a formal performance review process on an annual basis. The focus of the performance review is to set specific objectives, and monitor performance against them for each executive, that are aligned with the Company's business objectives. An annual review of the performance of each senior executive was conducted in accordance with this process during the year.

PRINCIPLE 2

Structure the Board to add value

Details on the Board members and their qualifications are included in the Directors' Report. The Board has a policy of maintaining a majority of independent directors. The current Board composition is four independent Non-Executive Directors (NEDs). The Board has resolved that a majority of the members of each Board committee should be NEDs. The Board has approved that, where necessary, NEDs should meet during the year in absence of management at such times as they determine necessary.

Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board assesses director independence on an annual basis, or more often if it feels it is warranted, depending on disclosures made by individual Directors. In the context of director independence, to be considered independent a NED may not have a direct or indirect material relationship with the Company. The Board has determined that a material relationship is one which has, or has the potential to, impair or inhibit a Director's exercise of judgement on behalf of the Company and its shareholders.

The Board has concluded that all NEDs are independent. In reaching this conclusion, the Board considered that:

- Mr Francis, the Non-Executive Chairman, is a principal of Francis Abourizk Lightowlers, a material professional adviser to the Company. Notwithstanding this association, the Board is satisfied that it will not interfere with the independent exercise of his judgment.
- Dr Bridges, Dr Chiplin, Mr Ross and Mr Buchi do not have any previous association with the Company or any other relationships that are relevant to their independence.

The Board continually assesses its membership and makes appointments to complement and enhance the existing skill base of the Board. The Board has established a Remuneration and Nominations Committee comprising of all non-executive directors. Formal letters of appointment are used for all new NEDs.

The Company's Constitution provides that:

- the maximum number of Directors shall be ten unless amended by a resolution at a General Meeting of Shareholders;
- one third of the Directors (excluding the Managing Director and rounded down) must retire from office at the Annual General Meeting (AGM) each year; such retiring Directors are eligible for re-election;
- Directors appointed to fill casual vacancies must submit to election at the next general meeting; and
- the number of Directors necessary to constitute a quorum is not less than two Directors currently in office.

The duties of a nomination committee have been assumed by the Board due to the size and scale of the Company.

The Board carries out a Board performance assessment on an annual basis. In the last review, the Board undertook a detailed review of its performance and that of its committees and individual Directors. This involved a self-assessment process which required the completion and evaluation of detailed questionnaires on business and management matters. The results of this review were independently collated and analysed by the Board. Following recent changes to the Board, the next review is expected to take place during the year ended 30 June 2014.

PRINCIPLE 3

Promote ethical and responsible decision-making

The Board and management ensure that the business processes of Benitec are conducted according to sound ethical principles. The Board has established a formal Code of Conduct in this regard. This code is posted on the Company's website.

All Directors and employees of the Company are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

All Directors and employees of the Company are made aware of their obligations under the Corporations Act 2001 with regard to trading in the securities of the Company. In addition, the Company has adopted a Share Trading Policy, which is reviewed and updated on a regular basis as required. This policy is posted on the Company's website.

Corporate Governance Statement

Board members who have or may have a conflict of interest in any activity of the Company or with regard to any decision before the Board, notify the Board of such and a decision is made as to whether the Board member concerned is to be excluded from making decisions that relates to the particular matter. The Company's constitution allows a Director to enter into any contract with the Company other than that of auditor for the Company, subject to the law.

The Board has determined that Directors are able to seek independent professional advice for Company related matters at the Company's expense, subject to the instruction and estimated cost being approved by the Chairman in advance as being necessary and reasonable.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. A copy of the company's diversity policy is available on the Benitec website.

The diversity policy outlines the requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available:

	2013	2014	2015
Women on the Board	-	-	-
Women in senior management roles	2	3	3
Women employees in the company	2	4	4

PRINCIPLE 4

Safeguard integrity in financial reporting

The Board has established a Risk and Audit Committee which meets at least twice through the year. Dr Mel Bridges has been appointed to chair the Committee and Mr Peter Francis is the other independent directors on the Committee.

The members of the Committee have significant financial, business and legal backgrounds, expertise and qualifications, full particulars of which are contained in this annual report, as are details of meetings of this Committee.

The Committee is responsible for the appointment of the Company's auditors and has a formal charter, which is posted on the Company's website. The charter is reviewed annually to ensure that it is in line with emerging market practices which are in the best interests of shareholders.

The main objective of the Committee is to assist the Board in reviewing any matters of significance affecting financial reporting and compliance of the consolidated entity including:

- exercising oversight of the accuracy and completeness of the financial statements;
- making informed decisions regarding accounting and compliance policies, practices, and disclosures;
- reviewing the scope and results of operational risk reviews, compliance reviews, and external audits; and
- assessing the adequacy of the consolidated entity's internal control framework including accounting, compliance, and operational risk management controls based on information provided or obtained.

"Compliance" refers to compliance with laws and regulations, internal compliance guidelines, policies and procedures, and other prescribed internal standards of behaviour.

All other directors and the Chief Financial Officer are invited to attend Committee meetings. When the auditors are present at meetings, the Committee asks all executives to leave the meeting so that there can be open and frank communication between the Committee and the auditor.

The Committee has the power to conduct or authorise investigations into, or consult independent experts on, any matters within the Committee's scope of responsibility.

The Committee also considers the independence of the auditor. The Company requires that the audit partner be rotated every five years and, on an annual basis, the auditor provides a certificate to the Committee confirming their independence.

The Chief Executive Officer and Chief Financial Officer have certified to the committee that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

PRINCIPLE 5

Make timely and balanced disclosure

The Board is committed to inform its shareholders and the market of any major events that influence the Company in a timely and conscientious manner. The Board is responsible for ensuring that the Company complies with the continuous disclosure requirements as set out in ASX Listing Rule 3.1 and the *Corporations Act 2001*. The Company's Communication Protocols have been posted on the Company's website.

Any market sensitive information is discussed by the Board before it is approved to be released to the market.

The Company's procedure is to lodge the information with the ASX and make it available on the Company's website shortly thereafter.

All executives of the Company have been made aware of the Company's obligations with regard to the continuous disclosure regime.

Corporate Governance Statement

PRINCIPLE 6

Respect the rights of shareholders

The Board ensures that its shareholders are fully informed of matters likely to be of interest to them. The Company provides all obligatory information such as annual reports, half yearly reports and other ASX required reports in accordance with the law and regulations.

Notices of shareholders meetings, annual and extraordinary, are distributed in a timely manner and are accompanied by all information that the Company has obtained.

The Company is always available to be contacted by shareholders for any query that the shareholders may have. The queries can be submitted by telephone, email or fax to the Company's office.

The chairman encourages questions and comments at the AGM ensuring that shareholders have a chance to obtain direct response from the CEO and other appropriate Board members. The Company requests that the auditors attend the AGM and are available to answer any questions with regard to the conduct of the audit and their report.

PRINCIPLE 7

Recognise and manage risk

The Directors continually monitor areas of significant business risk, recognising that there are inherent risks associated with the management, funding and commercialisation of biotechnology projects.

The Board has delegated the responsibility for the establishment and maintenance of a framework for risk oversight and the management of risk for the Group to the Risk and Audit Committee.

The Committee's role is to provide a direct link between the Board and the external function of the Company. This includes:

- Monitoring corporate risk assessment and the internal controls instituted;
- Monitoring the establishment of an appropriate internal control framework, including information systems, and considering enhancements;
- Reviewing reports on any defalcations, frauds and thefts from the Company and action taken by managements;
- Reviewing policies to avoided conflicts of interest between the Company and members of management; and
- Considering the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

The Chief Executive Officer and Chief Financial Officer have made representations to the Committee on the system of risk management and internal compliance and control which implements the policies adopted by the Board. The Chief Executive Officer and Chief Financial Officer have also represented that, to the best of their knowledge, the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

PRINCIPLE 8

Remunerate fairly and responsibly

The Remuneration and Nomination Committee assists the Board in ensuring that the Company's remuneration levels are appropriate in the markets in which it operates and are applied, and seen to be applied, fairly. The Board has assumed all of the responsibilities of the Committee at this time due to the size and scale of the Company at this time.

The Company's remuneration policy is described in the Remuneration Report contained within the Directors' Report.

Business of the Committee has been dealt with as part of the regular Board meetings as needed. The Board has access to senior management of the Company and may consult independent experts where the Board considers it necessary to carry out the duties of the Committee.

Currently the Company pays directors' fees to the NEDs. As stated in the Directors' Report, businesses associated with directors may receive fees for professional services provided to the Company in addition to their duties as a NED.

Financial Statement and Notes to the Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Continuing Operations			
Revenue	2	639,849	491,281
Other income	2	824,333	11,753
		1,464,182	503,034
Royalties & licence fees		(30,000)	(117,339)
Research and development		(1,280,012)	(1,309,171)
Employment related		(1,832,065)	(1,033,855)
Share based expense		(518,749)	(1,093,122)
Impairment costs		(1,503,296)	-
Travel related costs		(345,826)	(209,013)
Consultants costs		(336,570)	(275,170)
Occupancy costs		(100,153)	(71,253)
Finance costs		(2,308)	(10,470)
Corporate expenses		(529,378)	(504,931)
Foreign exchange translation		1,526,215	8,672
		(4,952,142)	(4,615,651)
Loss before income tax		(3,487,960)	(4,112,617)
Income tax expense/(benefit)	4	-	-
Loss for the year attributable to members of the parent entity		(3,487,960)	(4,112,617)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss		-	-
Other Comprehensive Income for the year, Foreign exchange translation, net of tax		(1,313,792)	-
Total Comprehensive Income for the year		(4,801,752)	(4,112,617)
Total Comprehensive Income attributable to members of the parent entity		(4,801,752)	(4,112,617)
<i>Earnings per share (cents per share)</i>			
Basic and diluted for loss for the year attributable to ordinary equity holders of the parent entity	6	(0.3)	(0.4)

This statement should be read in conjunction with the notes to the financial statements.

Financial Statement and Notes to the Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	8	1,587,299	3,075,880
Trade and other receivables	9	105,073	127,466
Other current assets	10	30,218	17,056
TOTAL CURRENT ASSETS		1,722,590	3,220,403
NON-CURRENT ASSETS			
Property, plant and equipment	12	28,120	30,803
TOTAL NON-CURRENT ASSETS		28,120	30,803
TOTAL ASSETS		1,750,710	3,251,206
CURRENT LIABILITIES			
Trade and other payables	13	1,011,733	533,170
Provisions	14	98,637	55,122
TOTAL CURRENT LIABILITIES		1,110,370	588,292
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		1,110,370	588,292
NET ASSETS		640,340	2,662,914
EQUITY			
Contributed equity	15	89,609,248	87,348,819
Reserves	16	277,910	1,394,142
Accumulated losses		(89,246,818)	(86,080,047)
TOTAL EQUITY		640,340	2,662,914

This statement should be read in conjunction with the notes to the financial statements

Financial Statement and Notes to the Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		566,754	329,153
Research and development grants		824,333	-
Interest received		133,011	163,701
Payments to suppliers and employees		(4,256,694)	(3,651,431)
Net cash used in operating activities	8	(2,732,596)	(3,322,278)
CASH FLOWS FROM INVESTING ACTIVITIES			
Business acquisition	24	143,603	-
Purchase of property, plant and equipment		(9,889)	(17,836)
Net cash provided by investing activities		133,714	145,865
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		1,086,844	199,030
La Jolla Cove settlement		-	(602,857)
Net cash provided /(used in) by financing activities		1,086,844	(403,827)
Net decrease in cash held		(1,512,038)	(3,580,240)
Exchange differences on cash and cash equivalents		23,457	2,023
Cash and cash equivalents, beginning of year		3,075,880	6,654,097
Cash and cash equivalents, end of year	8	1,587,299	3,075,880

This statement should be read in conjunction with the notes to the financial statements

Financial Statement and Notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2013

		Contributed Equity \$	Convertible Note Equity Reserve	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2011	86,821,961	48,797	2,761,802	-	(84,428,212)	5,204,348
Loss for the year	-	-	-	-	(4,112,617)	(4,112,617)
Other comprehensive income for year	-	-	-	-	-	-
Total comprehensive income for year	-	-	-	-	(4,112,617)	(4,112,617)
Equity component of convertible note	-	25,858	-	-	-	25,858
Transfer to Contributed Equity upon partial conversion of convertible note	74,655	(74,655)	(2,460,782)	-	-	-
Share Based Payments	-	-	1,093,122	-	-	1,093,122
Share issues, net of transaction costs	452,203	-	-	-	-	452,203
Transactions with owners	526,858	(48,797)	(1,367,660)	-	2,460,782	1,571,183
Balance 30 June 2012	87,348,819	-	1,394,142	-	(86,080,047)	2,662,914
Loss for the year	-	-	-	-	(3,487,960)	(3,487,960)
Other comprehensive income for year	-	-	-	(1,313,792)	-	(1,313,792)
Total comprehensive income for year	-	-	-	(1,313,792)	(3,487,960)	(4,801,752)
Share issue to Tacere on business acquisition	1,173,585	-	-	-	-	1,173,585
Transfer to Accumulated Losses the Share Based Payments Reserve no longer required	-	-	(321,189)	-	321,189	-
Share Based Payments	-	-	518,749	-	-	518,749
Share issues, net of transaction costs	1,086,844	-	-	-	-	1,086,844
Transactions with owners	2,260,429	-	197,560	-	321,189	2,921,864
Balance 30 June 2013	89,609,248	-	1,591,702	(1,313,792)	(89,246,818)	640,340

This statement should be read in conjunction with the notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report covers Benitec Biopharma Limited and its controlled entities as a consolidated entity ("Group"). Benitec Biopharma Limited is a listed public company, incorporated and domiciled in Australia.

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Benitec Biopharma Limited is a for-profit entity for the purpose of preparing financial statements.

The consolidated financial statements for the year ended 30 June 2013 (including comparatives) were approved and authorised for issue by the board of directors on 30 August 2013.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(b) Principles of Consolidation

A controlled entity is any entity controlled by Benitec Biopharma Limited whereby Benitec Biopharma Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

A list of controlled entities is contained in note 11 to the financial statements. All controlled entities have a June financial year-end except for Benitec Ltd (UK) which has a December year-end.

(c) Adoption of new and revised accounting standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the consolidated entity.

AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments (effective from 1 January 2015)

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)

AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. The Group's management have yet to assess the impact of these amendments.

(d) Revenue

Revenue from the granting of licenses is recognised in accordance with the terms of the relevant agreements and is usually recognised on an accruals basis, unless the substance of the agreement provides evidence that it is more appropriate to recognise revenue on some other systematic rational basis. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight line basis.

Research and Development Grant revenue is recognised as income when it is received.

(e) Income Tax

The charge for current income tax expense is based on the loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Benitec Biopharma Limited and its wholly-owned Australian subsidiary has formed an income tax consolidated group under the Tax Consolidation Regime. Benitec Biopharma Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The Group notified the ATO on 12 February 2004 that it had formed an income tax consolidated group to apply from 1 July 2002. No tax sharing agreement has been entered between entities in the tax consolidated group.

(f) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates – share-based payments transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 21.

Key judgements – tax losses

Given the company's and each individual entities' history of recent losses, the Group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the company or its subsidiaries will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

Key judgements – compound financial instruments

The Group measures the fair value of the liability component using the prevailing market interest rate for similar convertible instruments.

(g) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(i) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for plant and equipment were 20-33 %. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When assets which have been revalued are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(k) Leases

Leases of fixed assets are classified as finance leases where the Group has substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

the period. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(l) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Compound instruments

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The liability component is recorded on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(m) Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(n) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Share-based Payment Transactions

Benefits are provided to employees of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The plan currently in place to provide these benefits is the Employee Share Option Plan (ESOP), which provides benefits to senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Benitec Biopharma Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(s) Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items

are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) Going Concern

Notwithstanding the net loss for the year of \$3,487,960 and the cash and cash equivalents balance of \$1,587,299, the directors have prepared the financial statements on a going concern basis. The directors have taken into account the capital raisings during the financial year and in July 2013, performed a review of the cash flow forecasts, considered the cash flow needs of the Group, and believe that the strategies in place are appropriate to generate funding which will be sufficient to maintain the going concern status of the Group. If these strategies are unsuccessful then the Group may need to realise its assets and extinguish liabilities other than in the ordinary course of business and at amounts different to those disclosed in the financial report.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

	2013 \$	2012 \$
NOTE 2: REVENUE FROM CONTINUING OPERATIONS		
Revenue		
- Licensing revenue and royalties	521,140	323,580
Finance income - interest received	118,709	167,701
	639,849	491,281
Other income		
Government grants	824,333	11,753
Total revenue and other income	1,464,182	503,034

NOTE 3: LOSS FOR THE YEAR

(a) Expenses incurred by continuing operations

Items included in Statement of Comprehensive Income

Finance costs

Interest payable – other persons	-	8,517
Other	-	1,953
Finance costs	-	10,470

Depreciation

Included in Occupancy expenses		
Depreciation of plant and equipment	29,794	12,822

Employee benefits expense

Included in Employment related expenses		
Wages and salaries	1,759,745	986,095
Superannuation costs	72,320	47,760

(b) Expenses

The following expense items are relevant in explaining the financial performance:

Research and development costs consist of:

Project expenses	1,075,844	1,040,989
IP litigation expenses	-	9,915
Other IP related expenses	204,168	258,267
	1,280,012	1,309,171

NOTE 4: INCOME TAX EXPENSE

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on loss from ordinary activities before income tax at 30% (2012: 30%)	(1,046,388)	(1,233,785)
<i>Add Tax effect of:</i>		
Non-deductible share-based payment expense	155,625	327,937
Non-assessable foreign currency translation provision	457,865	-
Non-deductible legal fees	9,326	14,656
Capital items deductible	(58,863)	(49,805)
Other non-deductible items	46,843	14,873
Deductible items not included in operating result	(48,354)	(55,250)
Deferred tax asset not brought to account	483,947	981,374
Income tax benefit reported in the income statement	-	-

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

(b) The parent entity, acting as the Head Entity, notified the Australian Taxation Office on 12 February 2004 that it had formed a Tax Consolidated Group applicable as from 1 July 2002. No tax sharing agreement has been entered between entities in the tax consolidated group.

(c) As at 30 June 2013, the Tax Consolidated Group has carry-forward losses of \$11,751,713 (2012: \$10,745,949) arising from significant available Australian tax losses (calculated at 30%), which has not been recognised in the financial statements. The deferred tax asset relating to temporary differences (calculated at 30%) was \$29,591 (2012: \$36,360).

The Consolidated Group also has Australian capital tax losses for which no deferred tax asset is recognised on the statement of financial position of \$381,588 (2012: \$381,588) which are available indefinitely for against future capital gains subject to continuing to meet relevant statutory tests.

The recoupment of available tax losses as at 30 June 2013 is contingent upon the following:

- (i) the Consolidated Group deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continuing to be complied with; and
- (iii) there being no changes in tax legislation which would adversely affect the Tax Consolidated Group from realising the benefit from the losses.

	2013	2012
	\$	\$

NOTE 5: AUDITOR'S REMUNERATION

Audit Services

Remuneration of Grant Thornton Audit Pty Ltd for:

- auditing or reviewing the financial report	54,000	50,000
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Other Services

Remuneration of Grant Thornton Australia Limited for:

- taxation compliance	43,230	38,909
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NOTE 6: EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares on issue during the year (adjusted for the effects of dilutive options) and the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares.

	2013	2012
	\$	\$

Loss after income tax used in the calculation of basic EPS and dilutive EPS	(3,487,960)	(4,112,617)
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	Number	Number
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Weighted average number of ordinary shares for basic and diluted earnings per share	1,042,224,365	949,747,352
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Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	-	-
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All options to acquire ordinary shares are not considered dilutive for the years ended 30 June 2013 and 30 June 2012.

Classification of securities

No securities or convertible debt instruments could be classified as potential ordinary shares under AASB 133 and therefore have not been included in determination of dilutive EPS.

NOTE 7: KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Non-Executive Directors

Mr Peter Francis	Chairman - Non-Executive	Appointed on 23 February 2006
Dr Mel Bridges	Director - Non-Executive	Appointed on 12 October 2007
Dr John Chiplin	Director - Non-Executive	Appointed on 1 February 2010
Mr Iain Ross	Director - Non-Executive	Appointed on 1 June 2010
Mr Kevin Buchi	Director - Non-Executive	Appointed on 11 April 2013

(ii) Specified Executives

Dr Peter French	Managing Director and Chief Executive Officer	Appointed as Managing Director on 26 August 2013 Appointed Chief Scientific Officer on 4 August 2009; Appointed Chief Executive Officer on 4 June 2010
Dr Michael Graham	Chief Scientific Officer	Appointed on 1 January 2012
Mr Greg West	Company Secretary	Appointed on 26 May 2011
Mr Carl Stubbings	Chief Business Officer	Appointed on 2 July 2012
Dr David Suhy	Senior VP Research and Development	Appointed on 1 October 2012

(b) Key management personnel remuneration includes the following expenses:

	2013 \$	2012 \$
Short term employee benefits		
Salaries including bonuses	972,795	486,925
Post-employment benefits		
Superannuation	61,935	36,751
Share-based payments	251,916	436,550
Total Remuneration	1,286,646	960,226

(c) Options and Rights Holdings

Number of Options held by Key Management Personnel

	Balance 1 July 12	Granted as Remuneration	Options Acquired	Options Exercised/ Lapsed/Other	Balance 30 June 13	Total Vested 30 June 13	Total Exercisable 30 June 13
Specified Non-Executive Directors							
Peter Francis	44,000,000	-	-	2,000,000	42,000,000	28,166,666	28,166,666
Mel Bridges	12,998,333	-	-	1,333,333	11,665,000	8,166,666	8,166,666
John Chiplin	10,264,063	-	-	-	10,264,063	6,666,666	6,666,666
Iain Ross	10,187,500	-	-	-	10,187,500	6,666,666	6,666,666
Kevin Buchi	-	-	6,153,847	-	6,153,847	-	-
Sub-total	77,449,896	-	6,153,847	3,333,333	80,270,410	49,666,664	49,666,664
Specified Executives							
Peter French	40,000,000	-	1,230,769	5,000,000	36,230,769	25,000,000	25,000,000
Carl Stubbings	-	10,000,000	307,692	-	10,307,692	-	-
Michael Graham	15,000,000	-	-	-	15,000,000	10,000,000	10,000,000
David Suhy	-	10,000,000	-	-	10,000,000	-	-
Greg West	3,000,000	-	-	-	3,000,000	1,000,000	1,000,000
Sub-total	58,000,000	20,000,000	1,538,461	5,000,000	74,538,461	36,000,000	36,000,000
Total	135,449,896	20,000,000	7,692,308	8,333,333	154,808,871	85,666,664	85,666,664

* Options Acquired refers to securities purchased during the financial year not as part of remuneration.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

(d) Shareholdings

Number of Shares held by Key Management Personnel

	Balance 1 July 12	Received as Remuneration	Upon Options Exercised	Securities purchased	Balance 30 June 13
Non-Executive Directors					
Peter Francis	2,237,175	-	-	-	2,237,175
Mel Bridges	2,710,000	-	-	1,420,000	4,130,000
John Chiplin	1,190,846	-	-	-	1,190,846
Iain Ross	750,000	-	-	-	750,000
Kevin Buchi	-	-	-	15,384,616	15,384,616
Sub-total	6,888,021	-	-	16,804,616	23,692,637
Specified Executives					
Peter French	693,000	-	-	3,466,923	4,159,923
Carl Stubbings	-	-	-	925,231	925,231
Michael Graham	1,186,200	-	-	-	1,186,200
David Suhy	-	-	-	-	-
Greg West	-	-	-	-	-
Sub-total	1,879,200	-	-	4,392,154	6,271,354

2013
\$

2012
\$

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank	614,746	525,880
Deposits at call	972,553	2,550,000
	1,587,299	3,075,880

Reconciliation of Cash Flow from Operations with Loss after Income Tax

Loss after Income Tax	(3,487,960)	(4,112,617)
Non-cash flows included in operating loss:		
Impairment	1,503,296	-
Foreign exchange on intercompany balances	(1,526,215)	-
Depreciation	29,794	12,822
LJCI settlement	-	602,857
Share-based payments	518,749	1,093,122
Foreign currency translation unrealised	(23,457)	(2,023)
Changes in assets and liabilities:		
(Increase)/decrease in other assets	(13,163)	20,366
Decrease in receivables	22,393	19,912
Decrease/(increase) in payables	200,452	(955,924)
Increase/(decrease) in employee provisions	43,515	(793)
Net cash flows from operations	(2,732,596)	(3,322,278)

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

	2013	2012
	\$	\$
NOTE 9: TRADE AND OTHER RECEIVABLES		
CURRENT		
Sundry Debtors	105,073	127,466

NOTE 10: OTHER ASSETS		
CURRENT		
Prepayments	14,190	10,603
Other current assets	16,028	6,453
	30,218	17,056

NOTE 11: CONTROLLED ENTITIES

(a) Controlled entities:

	Country of Incorporation	Percentage Owned	
		2013	2012
Parent Entity:			
Benitec Biopharma Limited	Australia		
Controlled entities of Benitec Biopharma Limited:			
Benitec Australia Limited	Australia	100%	100%
Benitec Biopharma Limited	United Kingdom	100%	100%
Benitec, Inc.	USA	100%	100%
Benitec LLC	USA	100%	100%
RNAi Therapeutics, Inc.	USA	100%	100%
Tacere Therapeutics, Inc.	USA	100%	4%

(b) Controlled entities acquired or disposed:

Tacere Therapeutics, Inc. was acquired during the year. Other than this acquisition no controlled entities were acquired or disposed during the financial year.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

	2013	2012
	\$	\$
NOTE 12: PROPERTY, PLANT AND EQUIPMENT		
At cost	95,431	68,319
Accumulated depreciation	(67,311)	(37,516)
Total Property, Plant and Equipment	28,120	30,803

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improvement	Plant and Equipment	Total
	\$	\$	\$
Balance at 30 June 2011		26,461	26,461
Additions	13,176	8,597	21,773
Less Disposals	-	(4,609)	(4,609)
Depreciation expense	(1,416)	(11,406)	(12,822)
Balance at 30 June 2012	11,760	19,043	30,803
Additions	-	27,111	27,111
Less Disposals	-	-	-
Depreciation expense	(1,550)	(28,244)	(29,794)
Balance at 30 June 2013	10,210	17,910	28,120

NOTE 13: TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
CURRENT		
Unsecured liabilities		
Trade creditors	279,994	373,896
Sundry creditors and accrued expenses	374,560	159,274
Deferred consideration - Tacere vendors	357,179	-
	1,011,733	533,170

NOTE 14: PROVISIONS

CURRENT		
Provision for employee benefits	98,637	55,122

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

NOTE 15: CONTRIBUTED EQUITY

The Groups capital is its ordinary share and options, as detailed below. The Group is not subject to externally imposed capital requirements, other than conforming to ASX Rules and the Corporations Act. The Board monitors capital funding requirements in its competitive landscape and continues to actively manage its cash requirements as part of a broader capital management program to ensure adequate capital is in place to fund the company's operations. Capital raising activities before and after balance date are referred to in note 21.

	2013 \$	2012 \$
(a) Ordinary Shares		
1,151,914,043 (2012: 926,337,910) fully paid ordinary shares	89,609,248	87,348,819
At the beginning of the reporting period	87,348,819	86,821,961
Shares issued during the year	2,260,429	-
Transaction costs relating to share issues	-	(7,053)
Convertible Note conversion	-	533,911
	89,609,248	87,348,819
	Number	Number
At the beginning of reporting period	970,628,529	926,337,910
Shares issued during the year	181,285,514	44,290,619
	1,151,914,043	970,628,529

(b) Share options

At the end of the financial year, there were 439,857,844 unissued ordinary shares (2012: 428,985,202) over which options were outstanding.

Details	Expiry Date	Exercise Price	Number
Other Options	30 September 2013	\$0.0300	17,560
Listed BLTOB	31 December 2013	\$0.0400	201,309,366
Listed BLTO	8 April 2014	\$0.1000	46,673,907
Strategic Advisor Warrants	4 August 2014	\$0.9000	6,126,962
ESOP Options	19 August 2014	\$0.0204	6,500,000
NED Options	19 August 2014	\$0.0228	3,000,000
Unlisted Options	10 April 2015	\$0.1000	12,000,000
Directors' Options	23 October 2015	\$0.1700	1,953,125
NED Options	26 September 2016	\$0.0500	70,000,000
ESOP Options	17 November 2016	\$0.0500	45,000,000
ESOP Options	7 February 2017	\$0.0500	4,200,000
ESOP Options	18 July 2017	\$0.0500	10,000,000
ESOP Options	16 November 2017	\$0.0500	10,000,000
Unlisted Options - placement	18 February 2015	\$0.0130	17,538,462
Unlisted Options - placement	18 February 2015	\$0.0130	5,538,462
			439,857,844

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

NOTE 15: CONTRIBUTED EQUITY (continued)

Since 30 June 2012, the following options were issued under the ESOP:

Expiry date		Issue date	
18 July 2017	\$0.0500	18 July 2012	10,000,000
16 November 2017	\$0.0500	16 November 2012	10,000,000

Rights over shares are provided to employees under the Employee Share Option Plan (ESOP). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Benitec Biopharma Limited ('market conditions').

The following information was factored in to the Black-Scholes model for the options issued under ESOP this year:

- weighted average share price was \$0.0165
- exercise price was \$0.050
- expected volatility was 110% and was determined by reference to Bloomberg for the Benitec share price based on historical volatility
- option life is 5 years
- The risk-free interest rate was 3.55%

	2013 \$	2012 \$
Convertible note equity reserve		
At the beginning of the reporting period	-	48,797
Equity component of convertible note	-	25,858
Transfer to Contributed Equity upon partial conversion of convertible note	-	(74,655)
	-	-
Share-based payments reserve		
At the beginning of the reporting period	1,394,142	2,761,802
Share based payments	518,749	1,093,122
Transferred to Accumulated Losses Reserve no longer required	(321,189)	(2,460,782)
	1,591,702	1,394,142
Foreign currency translation reserve		
At the beginning of the reporting period	-	-
Foreign currency translation	(1,313,792)	-
	(1,313,792)	-
Total Reserves	277,910	1,394,142

Nature and purpose of Reserves

Convertible Note Equity Reserve

The Convertible Note Equity Reserve records the equity component of convertible notes at the time of drawdown of the funds. When a conversion to ordinary shares takes place, the equity component of the convertible note being converted is transferred to Contributed Equity.

Share Based Payments Reserve

The Share-based Payments Reserve represents the expense attributed to options based on a Black Scholes valuation method for vested options.

Foreign currency translation reserve

The Foreign currency translation reserve represents the currency translation movements of subsidiary company balances denominated in foreign currencies at year end.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

NOTE 17: OPERATING SEGMENTS

Business Segments

The Group had only one business segment during the financial year, being the global commercialisation by licensing and partnering of patents and licences in biotechnology, more specifically in functional genomics, with applications in biomedical research and human therapeutics.

Geographical Segments

Business operations are conducted in Australia. However there are controlled entities based in the USA and United Kingdom.

	Segment Revenues from External Customers		Segment Results		Carrying Amount of Segment Assets	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Australia	1,463,203	503,034	(3,220,240)	(4,112,617)	1,507,350	3,057,085
United States of America	979	-	(267,720)	-	243,360	194,121
United Kingdom	-	-	-	-	-	-
	1,464,182	503,034	(3,487,960)	(4,112,617)	1,750,710	3,251,206

Accounting Policies

Segment revenues and expenses are directly attributable to the identified segments and include joint venture revenue and expenses where a reasonable allocation basis exists. Segment assets include all assets used by a segment and consist mainly of cash, receivables, inventories, intangibles and property, plant and equipment, net of any allowances, accumulated depreciation and amortisation. Where joint assets correspond to two or more segments, allocation of the net carrying amount has been made on a reasonable basis to a particular segment. Segment liabilities include mainly accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Deferred income tax provisions are not included in segment assets and liabilities.

NOTE 18: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company financial risk management policy. The objective of the policy is to protect the assets and provide a solid return.

The main risks arising from the financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Exposures and Responses

Interest rate risk

The Group generates income from interest on surplus funds. At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2013 \$	2012 \$
Financial Assets		
Cash and cash equivalents	1,587,299	3,075,880
Financial Liabilities	-	-
Net Exposure	1,587,299	3,075,880

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

NOTE 18: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The policy is to analyse its interest rate exposure across the Groups financial assets and liabilities. Consideration is given to the return on funds invested, alternative financing, the mix of fixed and variable interest rates and hedging positions. The Group currently has short term deposits at variable interest rates. The average interest rate applying to cash deposits in the year was 4.00% (2012: 4.25%).

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the judgment of reasonably possible movements in post-tax profit and equity would have been as follows:

	Post Tax Result Higher/ (Lower)		Equity Higher/ (Lower)	
	2013 \$	2012 \$	2013 \$	2012 \$
+1% (100 basis points)	12,797	44,560	12,797	44,560
-0.5% (50 basis points)	(6,399)	(22,730)	(6,399)	(22,730)

Liquidity risk

The Group's objective is to obtain revenue from commercialisation and to continue to access funding markets. The Group has a pipeline of programs to take its research and development to the clinic and potentially originate licensing transactions with pharmaceutical companies. Trade payables and other financial liabilities originate from the financing of the ongoing research and development programs in addition to the operations of the business generally.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2012. Cash flows for financial assets and liabilities with fixed amount or timing are presented with their respective discounted cash flows for the respective upcoming fiscal years.

The remaining contractual maturities of the Group's financial liabilities are:

	2013 \$	2012 \$
6 months or less	1,011,733	475,215
6-12 months	-	57,955
1-5 years	-	-
Over 5 years	-	-
	1,011,733	533,170

Maturity analysis of financial assets and liabilities based on management's expectation

The table below reflects management's expectation of the maturity of financial assets and liabilities.

These assets are considered in the context of the Group's overall liquidity risk. The Group has established a risk reporting process overseen by the board which monitors existing financial assets and liabilities and provides information to enable effective risk management. The Board regularly evaluates managements rolling forecasts of liquidity which includes assessments of cash income and outgoings.

	≤6 months \$	6-12 months \$	1-5 years \$	>5 years \$	Total \$
Financial assets					
Cash and cash equivalents	1,587,299	-	-	-	1,587,299
Trade and other receivables	135,291	-	-	-	135,291
Financial Liabilities					
Trade and other payables	(1,011,733)	-	-	-	(1,011,733)
Net Maturity	710,857	-	-	-	710,857

NOTE 18: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from licensing fees and royalties as well as expenditure by the Group in currencies other than the unit's measurement currency. With the exception of unrealised movements on intercompany loans, foreign currency income and expenditure accounts for less than 10% of the Groups transactions.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, and trade and other receivables. The Group's exposure to credit risk arises from potential counter party payment default, with a maximum exposure equal to the carrying amount. Exposures at each reporting date are assessed and disclosed in the financial statements.

The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, creditworthy third parties and as such collateral is not requested. The Group does not securitise its trade and other receivables.

Customers who wish to trade on credit terms are subject to credit assessment procedures which may include an assessment of their independent credit rating, financial position, past experience and industry reputation. Receivable balances are regularly monitored. There are no significant concentrations of credit risk within the Group.

NOTE 19: FINANCIAL INSTRUMENTS

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due their short term to maturity.

NOTE 20: SHARE BASED PAYMENTS

Benitec Biopharma Limited Employees Share Option Plan (ESOP):

Description of plan

The Group may from time to time issue employees options to acquire shares in the parent at a fixed price. Each option when exercised entitles the option holder to one share in the Company. Options are exercisable on or before an expiry date, do not carry any voting or dividend rights and are not transferable except on death of the option holder.

Share Options granted during the year

The following options were issued to executives by Benitec Biopharma Limited under its ESOP and are unlisted.

Executive	Grant Date	Number	Exercise Price	Expiry Date
Carl Stubbings	18 July 2012	10,000,000	\$0.050	18 July 2017
David Suhy	16 November 2012	10,000,000	\$0.050	16 November 2017
		20,000,000		

There were no options issued to directors in the year to 30 June 2013. The closing market price of an ordinary share of Benitec Biopharma Limited (ASX Code: BLT) on the Australian Securities Exchange at 30 June 2013 was \$0.015 (30 June 2012: \$0.017)

The following table illustrates the number and weighted average exercise price (WAEP) of share options issued under the ESOP:

	2013 Number	2013 WAEP	2012 Number	2012 WAEP
Outstanding at the beginning of the year	61,000,000	0.0459	12,800,000	\$0.0267
Granted during the year	20,000,000	0.0500	49,200,000	\$0.0500
Exercised during the year	-	-	-	-
Lapsed or forfeited during the year	(5,300,000)	0.0317	(1,000,000)	\$0.0407
Outstanding at the end of the year	75,700,000	0.0480	61,000,000	\$0.0453

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

NOTE 20: SHARE BASED PAYMENTS (continued)

Details of ESOP share options outstanding as at end of year:

Expiry Date	Grant Date	2013 Number	Exercise Price	2012 Number
21 February 2013	21 February 2008	-	\$0.0781	300,000
10 June 2013	13 July 2010	-	\$0.0289	5,000,000
19 August 2014	13 July 2010	6,500,000	\$0.0204	6,500,000
17 November 2016	17 November 2011	45,000,000	\$0.0500	45,000,000
7 February 2017	7 February 2012	4,200,000	\$0.0500	4,200,000
18 July 2017	18 July 2012	10,000,000	\$0.0500	-
16 November 2017	16 November 2012	10,000,000	\$0.0500	-
		75,700,000	\$0.0453	61,000,000

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

Benitec announced on 16 June 2013 that it had received commitments for a private placement raising \$7.0 million, with a capacity to take additional placements of \$900,000. The placement was subscribed to by several new institutional investors, along with Benitec management and directors and existing sophisticated investors. The share placement was completed in two tranches:

- Tranche 1 – 37,454,545 shares at \$0.011 (\$412,000) were issued under 15% placement capacity in accordance with ASX Listing Rule 7.1. on 14 June 2013
- Tranche 2 – 598,909,091 shares at \$0.011 (\$6,588,000) were issued on 24 July 2013 following approval at a General Meeting held on 17 July 2013. A further \$900,000 in additional placements was also made.

The General Meeting held on 17 July 2013 also approved a 25-for-1 consolidation of the Company's issued securities.

On 29 July 2013 Benitec announced that it has closed its Share Purchase Plan raising \$2.8 million. These funds are additional to the \$7.9 million raised in private placements announced in July 2013 and the \$0.98 million announced in March 2013. The combined proceeds from the private placements and the Share Purchase Plan total \$11.7 million. The allotment to participants in the Share Purchase Plan was made on 6 August 2013.

The successful completion of the capital raise ensures the company has the funds in place to complete its first in-man trial (Phase I/IIa) for its Hepatitis C treatment, planned to commence later this year. In addition, Benitec will complete preclinical toxicology, biodistribution and dose finding studies for Tribetama™, its drug resistant non small cell lung cancer (NSCLC) program, and conduct a European based Phase I/IIa clinical trial in drug resistant NSCLC patients which is planned to commence in Q4 calendar year 2014.

Benitec will also use the proceeds to manufacture clinical material for a potential second HCV clinical trial (based on outcomes from the first trial), as well as advance business development activities and pre clinical studies in pipeline programs, and for general working capital.

Other than the above, no matters or circumstances have arisen since 30 June 2013 which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

NOTE 22: 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.

Scientific work on the therapeutic programs

On 18 December 2012 Benitec announced the appointment of Synteract Inc. as the Company's Clinical Research Organisation responsible for the progression of TT-034 into Phase I/II (a) Clinical Trials in the USA. Benitec has negotiated a contract with favourable commercial terms, in some instances requiring prepayment, for Synteract to continue to manage the Clinical Trials throughout 2013 and 2014.

Benitec announced plans on 3 June 2013 to progress its non-small cell lung cancer (NSCLC) therapeutic Tribetarna™ into Phase II clinical trials in late 2014 calendar year. The Company had reached agreement to use European-based clinical research organisation Clinical Trials Group (CTGCRO) to manage the trial, and subsequently negotiated favourable commercial terms which included prepayments covering the clinical trial and consulting services.

The Company has contracted for scientific work on the therapeutic programs, as described above, and payments due within the next twelve months total approximately \$4,178,261 (2012: \$240,704)

NOTE 23: RELATED PARTY TRANSACTIONS

	2013 \$	2012 \$
Transactions with Directors and Director-related Entities:		
Legal services paid / payable to Francis Abourizk Lightowlers, a law firm in which Mr Peter Francis is a partner and has a beneficial interest.	103,492	166,912
Consultancy fees for executive duties paid/payable to NewStar Ventures Ltd, a corporation in which Dr John Chipilin is a director and has a beneficial interest.	40,000	40,000
Consultancy fees for executive duties paid/payable to Gladstone Partnership, an entity in which Mr Iain Ross is a principal and has a beneficial interest	-	18,999
Transactions between related parties are on normal commercial terms and the conditions no more favourable than those available to other non-related parties.		

NOTE 24: BUSINESS COMBINATION – TACERE THERAPEUTICS INC. ACQUISITION

Benitec announced the execution of an agreement to acquire the US-based RNA interference (RNAi) therapeutics company Tacere Therapeutics Inc. ('Tacere') on 11 October 2012. The acquisition was completed on 30 October 2012 when Benitec acquired 100% of the issued share capital and voting rights of Tacere, a company based in the United States. Tacere was a privately held drug development company with a Phase I/II ready program in hepatitis C (HCV) that utilises Benitec's novel gene silencing technology.

Benitec acquired Tacere's extensive HCV program data and materials, as well as an advanced preclinical program for the eye disease macular degeneration, which also utilises Benitec's ddRNAi technology. Tacere has a Phase I/II ready program in hepatitis C (HCV) that utilises Benitec's novel gene silencing technology called DNA-directed RNA interference (ddRNAi). Tacere also has extensive HCV program data and materials, as well as an advanced preclinical program for the eye disease macular degeneration, which also utilises the Company's ddRNAi technology. The Tacere programs provide the Company with the opportunity to commence Phase I/II clinical trials in 2013.

The consideration for the acquisition was in an issue of 102,321,345 new shares in Benitec Biopharma Limited for USD \$1,500,000, plus a potential cash royalty on future licensing revenue received calculated as follows: 35 per cent if the licence is entered into prior to commencement of a Phase II clinical study; or 15 per cent prior to commencement of a Phase III clinical study; or 5 per cent if prior to the submission of a Biologic License Application to the US Food and Drug Administration or 2.5 per cent if after Biologic License Application submission.

The shares issued as consideration represented 9.5% of the issued capital and are fully paid ordinary shares ranking equally with existing listed shares. The share issue was made within Benitec's 15% annual placement capacity under ASX Listing Rule 7.1 a. The Tacere vendors have agreed that 75% of the shares issuable in the transaction will be held subject to escrow for 12 months from completion.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

NOTE 24: BUSINESS COMBINATION – TACERE THERAPEUTICS INC. ACQUISITION (continued)

Further, the agreements with the Tacere vendors provide for AUD \$357,179 Benitec Biopharma Limited shares (included in the consideration of 102,321,345 shares) be treated as reserve shares and not issued to the Tacere vendors for a period of 12 months from acquisition. The reserve shares are accounted for as a creditor (refer to note 6). The reserve shares were established by an agreement with the Tacere vendors for the purposes of satisfying indemnities to Benitec, if required. The Tacere Vendors also provided a cash escrow of USD \$360,000 to provide Benitec with additional security should certain pre-acquisition liabilities emerge.

Impairment costs relating to the goodwill on the acquisition of Tacere of AUD \$1,503,296 has been written off in this reporting period. The Tacere acquisition goodwill is the excess of consideration paid (in this case, shares in Benitec issued for AUD \$1,530,765) over net assets acquired. The immediate write-off of the Tacere acquisition goodwill is considered to be the most appropriate accounting treatment as the intellectual property is a preclinical trial and hence the future economic benefit is uncertain.

Details of the business combination are as follows:

	\$
Fair value of consideration transferred	
Consideration for the acquisition was the issue of 102,321,345 shares in Benitec Biopharma Limited, plus a potential cash royalty on future licensing revenue	1,530,765
Recognised amounts of identifiable net assets	
Property, plant and equipment	17,567
Cash and cash equivalents	138,760
Amount owing to Benitec Biopharma Limited	(126,882)
Other liabilities	(1,976)
Identifiable net assets	27,469
Goodwill on acquisition	1,503,296
Net cash inflow on acquisition	143,603
Acquisition related costs recognised as an expense in the Group corporate expenses	77,104
Post-acquisition loss of Tacere	267,720

Disclosure of effects of business combinations on revenue and profit

The Tacere Therapeutics items included in Statement of Comprehensive Income since acquisition date

Revenue received	979
Loss for the period since acquisition	267,720

The revenue for the combined entity for the current period as though the acquisition date for business combination that occurred during the year had been as of the beginning of the annual reporting period	There would be no variation in reported revenue which was \$ 1,464,182
The loss for the combined entity for the current period as though the acquisition date for business combination that occurred during the year had been as of the beginning of the annual reporting period	There would be an increase in reported Total Comprehensive loss from \$4,801,752 to \$5,009,036

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2013

NOTE 25: BENITEC BIOPHARMA LIMITED PARENT COMPANY INFORMATION

	2013 \$	Parent Entity 2012 \$
ASSETS		
Current assets	1,478,422	3,056,738
Non-current assets	48,999	30,816
TOTAL ASSETS	1,527,421	3,056,738
LIABILITIES		
Current liabilities	1,165,652	588,293
Non-current liabilities	-	-
TOTAL LIABILITIES	1,165,652	588,293
NET ASSETS	361,769	2,468,445
EQUITY		
Contributed equity	89,609,248	87,348,819
Share based payments reserve	1,591,702	1,394,142
Accumulated losses	(90,839,181)	(86,274,516)
TOTAL EQUITY	361,769	2,468,445
FINANCIAL PERFORMANCE		
Loss for the year	(4,885,852)	(4,302,167)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	(4,885,852)	(4,302,167)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2013 (2012: nil), other than the contingent liabilities described in note 22.

Capital commitments

The parent entity has no capital commitments as at 30 June 2013 (2012: nil).

Significant accounting policies

The accounting policies of the parent are consistent with those of the consolidated entity (Note 1)


Directors' Declaration

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

1. In the opinion of the Directors:
 - (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position and performance of the Company and consolidated entity; and
 - (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001.
 - (b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
 - (c) as indicated in note 1(w), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (d) The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001
2. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Peter Francis

Director

Sydney

30 August 2013



Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 19, 2 Market 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.granthornton.com.au

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

Report on the financial report

We have audited the accompanying financial report of Benitec Biopharma Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Benitec Biopharma Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 17 to 21 of the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Benitec Biopharma Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink that reads "N/J Bradley".

N/J Bradley
Partner - Audit & Assurance

Sydney, 30 August 2013

Shareholder Information

1. SHARE AND OPTION HOLDING INFORMATION

a) Distribution of Equity Security Holders

The number of holders and amount of holdings by a range of holding sizes of the ordinary shares and options as at 6 September 2013 are detailed below.

Range	Fully Paid Ordinary Shares (ASX:BLT)		Options (ASX:BLTOB)		Options (ASX:BLTO)	
	Number of holders	Number of shares held	Number of holders	Number of options held	Number of holders	Number of options held
1 - 1,000	1,391	449,356	471	153,420	322	74,691
1,001 - 5,000	1,002	2,691,219	165	411,443	53	125,485
5,001 - 10,000	371	2,749,629	40	294,146	13	89,545
10,001 - 100,000	693	22,577,728	88	2,511,215	13	401,080
100,001 - 9,999,999,999	114	55,492,975	15	4,682,315	2	1,176,330
	3,571	83,960,907	779	8,052,539	403	1,867,131

b) Marketable parcels

The number of holdings of ordinary shares less than a marketable parcel of \$500 as at 6 September 2013 is 1,658.

c) Substantial Shareholders

The names of substantial shareholders listed in the Company's register as at 17 September 2013 were:

Holder	Number Of Ordinary Shares Held	% Of Issued Capital
Dr Christopher Bremner	8,013,201	9.54
Irwin Biotech Nominees Pty Ltd	4,769,091	5.68
MJGD Nominees Pty Ltd	4,769,091	5.68
Dalit Pty Ltd	4,545,455	5.41

d) Voting rights

The voting rights attached to each class of equity security are as follows:

Each ordinary share holder is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Option holders do not have any voting rights until the option is converted into an ordinary share.

Shareholder Information

e) 20 Largest Ordinary Shareholders as at 17 September 2013

Holder	Number Of Ordinary Shares Held	% Of Issued Capital
National Nominees Limited	7,840,252	9.34
Irwin Biotech Nominees Pty Ltd	4,769,091	5.68
MJGD Nominees Pty Ltd	4,769,091	5.68
Dalit Pty Ltd	4,545,455	5.41
CSIRO	1,924,658	2.29
UBS Wealth Management Australia Nominees Pty Ltd	1,813,520	2.16
JP Morgan Nominees Australia Limited <Cash Income A/C>	1,513,013	1.80
Citicorp Nominees Pty Limited	1,420,345	1.69
Dr Russell Kay Hancock	916,364	1.09
Blamco Trading Pty Ltd	800,000	0.95
Sigma-Aldrich Pty Limited	781,250	0.93
Hokkaido Venture Capital Co Ltd	772,450	0.92
Montclair Pty Ltd	727,273	0.87
Mrs Jaclyn Stojanovski + Mr Chris Retzos + Mrs Susie Retzos <Retzos Executive S/F A/C>	727,273	0.87
Mr Paul Leonard Grimshaw + Mr Dayne Paul Grimshaw <Paul Grimshaw Family Super Fun>	639,140	0.76
Mr Kevin Buchi	615,385	0.73
Promega Corporation	519,854	0.62
Stella Nord Pty Ltd <Stella Nord Family A/C>	500,000	0.60
Sao Holdings Pty Ltd <Sao Super Fund A/C>	476,731	0.57
Michael Catelani	447,098	0.53
Totals: Top 20 holders of fully paid ordinary shares	36,518,243	43.49
Total remaining holders balance	47,442,664	56.51

Shareholder Information

f) 20 Largest BLTO Option holders (ASX: BLTO) as at 17 September 2013

Holder	Number Of Options Held	% Of BLTO Options
Dr Christopher Bremner	1,016,330	54.43
Mr Jeffrey Connor	160,000	8.57
Citicorp Nominees Pty Limited	82,501	4.42
Mr Ian Domaille	66,640	3.57
Mr Adam Michael Calder	40,000	2.14
Mrs Felicity Anne Kissane	40,000	2.14
Mrs Debbie Rice	24,194	1.30
Mr Wynand George Goyarts	21,800	1.17
Mr Arthur Barrie Wrigglesworth	21,796	1.17
Mr Mark Raymond O'brien	20,000	1.07
Mrs Sally Ada Urquhart	20,000	1.07
Resolute Securities Pty Ltd <Blue Super Fund A/C>	19,238	1.03
Jbwere (NZ) Nominees Limited <NZ Resident A/C>	16,000	0.86
HSBC Custody Nominees (Australia) Limited	14,994	0.80
Mr Wayne Andrew Gibson	13,917	0.75
Mr Adam Matthew Philippe	9,640	0.52
Queenstown Unlimited Limited	9,611	0.51
UBS Nominees Pty Ltd <Tp00014 15 A/C>	9,600	0.51
JYZ Pair Pty Ltd	7,600	0.41
Mr Simon John Moran + Mrs Christine Joyce Moran <Wirrilda Super Fund A/C>	7,469	0.40
Totals: Top 20 holders of BLTO	1,621,330	86.84
Total Remaining Holders Balance	245,801	13.16

Shareholder Information

g) 20 Largest BLTOB Option holders (ASX: BLTOB) as at 17 September 2013

Name	Number Of Options Held	% Of BLTOB Options
Dr Christopher Bremner	1,811,895	22.50
Abn Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	532,948	6.62
Bond Street Custodians Limited <Muz - S62814 A/C>	249,639	3.10
Retzos Investments Pty Ltd <Retzos Altona Property A/C>	240,000	2.98
Dr Warnakulasooriya Karunasena + Mrs Alankarage Karunasena <Dr W & Mrs A Karunasena A/C>	220,000	2.73
Mr Jamie Campbell Morris	213,367	2.65
Mr Paul Marten	195,000	2.42
Mr Peter Jack Walravens + Mrs Madeleine Louise Walravens <Walravens Family S/F A/C>	190,000	2.36
Mr James Alfred Starr + Mrs Susan Diana Starr <Northstarr Family S/F A/C>	160,000	1.99
Stella Nord Pty Ltd <Stella Nord Family A/C>	155,500	1.93
Mr Luke Kukulj	149,530	1.86
Citicorp Nominees Pty Limited	144,265	1.79
JP Morgan Nominees Australia Limited <Cash Income A/C>	142,401	1.77
Dr Joao Manuel Camacho	140,000	1.74
Ivystar Pty Ltd	122,800	1.52
Ms Beverley Chard + Mr John Sheraton <Chard Family S/F A/C>	120,000	1.49
Cohen Family Pty Ltd <Cohen Family Super Fund A/C>	100,000	1.24
Mr Paul James Madden	96,000	1.19
Mr Colm Patrick Cunningham	84,267	1.05
Mr Bruce Thomas Harrison	82,000	1.02
Totals: Top 20 holders of BLTOB	5,149,612	63.95
Total Remaining Holders Balance	2,902,927	36.05

Shareholder Information

h) Restricted securities

There are no securities on issue subject to restriction agreements.

i) Unquoted securities

As at the date of this report, the Company has unquoted securities as follows:

Details	Expiry Date	Exercise Price	Number
Unlisted Options	10-Apr-15	\$2.50	480,000
Strategic Advisor Warrants	4-Aug-14	\$22.50	245,078
Other Options	30-Sep-13	\$0.75	702
NED Options	19-Aug-14	\$0.57	120,000
NED Options	26-Sep-16	\$1.25	2,800,000
ESOP Options	19-Aug-14	\$0.51	260,000
ESOP Options	17-Nov-16	\$1.25	600,000
ESOP Options	7-Feb-17	\$1.25	168,000
Directors' Options	23-Oct-15	\$4.25	78,125
ESOP Options	26-Sep-16	\$1.25	1,200,000
ESOP Options	18-Jul-17	\$1.25	400,000
ESOP Options	16-Nov-17	\$1.25	400,000
Unlisted Options	18-Feb-15	\$0.325	1,206,157
ESOP Options	22-Aug-18	\$1.25	2,080,000
			10,038,060

2. On-Market Buy Back

There is currently no on-market buy back.

3. Listing on Exchanges

Trading of the Company's securities is available on the Australian Securities Exchange Limited (ASX).



Benitec Biopharma Ltd

ABN 64 068 943 662

F6A / 1-15 Barr Street
Balmain NSW 2041 Australia

Tel: +61 (0) 2 9555 6986

Email: info@benitec.com

www.benitec.com