APPENDIX 4D AND HALF-YEAR REPORT TO 31 DECEMBER 2017

Acrux (ASX: ACR) today released its Appendix 4D and Half-Year Financial Report for the half-year ended 31 December 2017.

This information is required by the Australian Securities Exchange ('ASX') under ASX Listing Rule 4.2A.

It is recommended that this information be read in conjunction with the 2017 Annual Financial Report of Acrux Limited.

For further information, contact

Michael Kotsanis, CEO and Managing Director: 03 8379 0100

About Acrux

Acrux (ASX: ACR) is a pharmaceutical company dedicated to developing and commercialising topical pharmaceuticals. Incorporated in 1998 and using in house facilities and capabilities, Acrux has successfully developed and commercialised through licensees a number of topically applied pharmaceutical products in the US and Europe. Acrux is currently developing of a range of generic products for the US market by leveraging its on-site laboratories, GMP manufacturing suite, clinical and commercial experience to bring affordable products to market. Acrux encourages collaboration and is well positioned to discuss partnering and product development.

For further information on Acrux, visit www.acrux.com.au

ACRUX LIMITED ABN: 72 082 001 152
AND CONTROLLED ENTITIES

APPENDIX 4D - HALF-YEAR REPORT

REPORTING PERIOD
Half-year ended 31 December 2017

COMPARATIVE PERIOD
Half-year ended 31 December 2016

Results for announcement to the market		% Change	$'000
Revenue from ordinary activities	Down	-81%	2,743
Loss from ordinary activities after income tax benefit	Down	-238%	(8,694)
Net loss for the period attributable to equity holders of the parent	Down	-238%	(8,694)

Dividends	31 December 2017 Cents	31 December 2016 Cents
Interim franked dividend in respect of the period ended 31 December per share	Nil	Nil
Final franked dividend in respect of the financial year ended 30 June per share	Nil	Nil
	$'000	$'000
Total dividend on ordinary securitities paid during the half-year	-	-

Refer to the Directors' Report within the attached financial report for commentary on the results.

Net tangible assets per security	31 December 2017	31 December 2016
Net tangible asset backing per ordinary share	$ 0.21	$ 0.19

Details of dividend or distribution reinvestment plans in operation	Not Applicable

Details of entities over which control has been gained or lost during the period	Not Applicable

Details of associates and joint ventures	Not Applicable

Dispute or qualification arising from auditor’s review	Not Applicable

ACRUX LIMITED AND CONTROLLED ENTITIES
ABN: 72 082 001 152

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Acrux Limited (the Company) and its controlled entities (the Group), for the half-year ended 31 December 2017 and independent review report thereon.

DIRECTORS' NAMES

The names of the Directors in office at any time during, or since the end of the half-year are:

Name		Appointed/resigned
Ross Dobinson	Chairman	Appointed 19 March 1998
Timothy Oldham	Non-Executive Director	Appointed 1 October 2013
Michael Kotsanis	Managing Director & Chief Executive Officer	Appointed 3 November 2014
Simon Green	Non-Executive Director	Appointed 1 June 2016
Geoffrey Brooke	Non-Executive Director	Appointed 1 June 2016

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

A review of the operations of the Group during the half-year and the results of these operations are as follows:

Mission

Acrux is a pharmaceutical company dedicated to developing and commercialising branded and generic transdermal and topical pharmaceuticals for global markets.

Business Strategy

Acrux is developing a range of topically applied products, with a number of generic products under active development in its pipeline. The Group uses its internal development capabilities and know-how on existing drugs to develop generics which target the substantial US market for topical products.

Marketed topical portfolio

The topical portfolio during the period included the Group's commercialised products, Axiron®, Evamist® and Lenzetto®. Axiron global sales by our commercial partner Eli Lilly and Company for the half-year ended 31 December 2017 were US$15.4 million compared to US$78.9 million over the same period last year. The license agreement with Eli Lilly has been terminated and the product withdrawn from the markets in which it had been commercialised.

Portfolio revenue for the remainder of the 2018 financial year will be based on sales of Evamist® in the United States and Lenzetto® in Europe.

Topical generic portfolio

Acrux continues to make pleasing progress in its generic development projects and has now an active portfolio of 10 generic projects. The Group is completing the technology transfer of its first three products to its FDA approved contract manufacturing organisation and expects the dossier for the first of these generic products to be submitted to the FDA in the middle of the 2018 calendar year.

Acrux plans to add additional topical generic development projects to its pipeline and has a goal to have initiated development activities on 12 generic projects by the end of the 2018 financial year.

Antifungal development

The Group's preparations for moving into the clinic with our onychomycosis specialty product advanced well, having met with the FDA for a Pre-IND meeting in early October as well as recently applying for ethics approval for a Phase 1 trial in Australia. However, due to the longer horizon and higher cost profile of our onychomycosis specialty project compared to the substantially shorter timelines and lower costs from our generic pipeline, the Group has decided to suspend the development of the onychomycosis specialty project and focus cash reserves on the continued expansion of the generic pipeline.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

Key Events During Year

The following were key events for the Company during the half-year:

* Generic versions of Axiron were launched during the half year. With the commercial uncertainty of future sales of Axiron, a declining testosterone market and the long term and unclear financial commitment required to participate in the Post Marketing Requirement (PMR) consortium, Eli Lilly and Company withdrew the Axiron NDA from the US market.
* The U.S. Court of Appeals for the Federal Circuit affirmed all aspects of the judgment by the United States District Court for the Southern District of Indiana which ruled in August 2016 that the formulation and axilla application patents granted by the US Patent Office for Axiron® were invalidated.
* Solid progress on our topical generic pipeline with ten active projects under development at half-year end, representing an increase of three during the period.
* Lenzetto® continues to be launched progressively in specific countries within the European Union by our licensee (Gedeon Richter).

Operating Results

The consolidated loss before tax was $10.34 million (2016: profit $9.05 million) primarily attributable to: a) reduction in Axiron® royalty revenue and b) a non-cash (pre-tax) loss of $5.65 million in relation to the impairment of Axiron® capitalised development costs. The consolidated consolidated loss after tax was $8.69 million (2016 profit: $6.32 million).

Revenue

Revenue for the half-year decreased $11.59 million or 80.9% to $2.74 million (2016: $14.33 million). Royalty revenue from Axiron decreased 84% to $2.23 million (2016: $13.59 million) reflecting a decline in Axiron® global sales by our partner Eli Lilly and Company due to: a) generic competition for Axiron® and b) the termination of the Axiron licensing agreement. Interest on cash deposits were $0.32 million (2016: $0.3 million).

Expenses

Total expenses for the half-year was $13.08 million (2016: $5.28 million) comprising of: a) a non-cash (pre-tax) loss of $5.65 million in relation to the impairment of Axiron® capitalised development costs and b) operational expenditure of $7.43 million. The impairment loss is a result of a re-assessment of the estimated future discounted cashflows from the Axiron® product which were impacted by the termination of the licensing agreement with Eli Lilly and Company and the U.S. Court of Appeals for the Federal Circuit affirming all aspects of the judgment by the United States District Court for the Southern District of Indiana.

Total operating expenditure for the half-year increased by 40.8% to $7.43 million (2016: $5.28 million). The increase represents: a) progression of and increased investment in R&D which is consistent with our announced strategy to commercialise topical generic opportunities and b) non-recurring legal fees of $0.70 million associated with the Axiron® patent appeal litigation.

Employee benefits expense totalled $2.23 million (2016: $2.21 million) remaining flat half-year on half-year. The balance of expenses increased $2.14 million or 69.7% to $5.21 million (2016: $3.07 million), with increases in external R&D costs of $1.22 million for contract manufacture engagement, API procurement for the manufacture of exhibit batches and clinical research organisation engagement. In addition, professional fees of $0.94 million were incurred associated with the execution of our IP strategy. These increases were partially offset by by lower royalty payments to Monash Investment Trust of $0.05 million (2016: $0.13 million) and depreciation and amortisation expense of $0.45 million (2016: $0.79 million).

Income Tax

Income tax benefit of $1.64 million (2016: expense $2.73 million) was recorded for the half-year. The reduction on the prior half-year is attributable to the lower operating profit (excluding the impairment loss) and the reversal of the deferred tax liability associated with the impaired portion of Axiron® capitalised development costs not being realised as initially contemplated. Further details of the income tax expense are provided at Note 5 of the financial report.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

Operating Results (Continued)

Cash flow

Cash received from licensing agreements for the half-year was $6.57 million (2016: $10.42 million). Royalties received from Axiron® were down 38.8% to $6.25 million reflecting lower sales generated by Eli Lilly and Company. The Group paid $7.18 million to suppliers and employees (2016: $5.24 million) as a consequence of increased investment in our R&D pipeline. Interest received on cash reserves of $0.25 million (2016: $0.30 million) was slightly lower in comparison to prior half-year, reflective of the maturity timing of invested cash reserves. Income tax payments decreased to $1.07 million from $2.92 million in the prior half-year driven by lower operating results across the Group.

Capital expenditure was $0.16 million, down 20.3% on the prior half-year. The Group will continue to carry out upgrades on existing equipment to improve our internal analytical and testing capabilities. Cash reserves at the end of the period were $32.36 million (30 June 2017: $33.97 million).

Contributed Equity

There were no changes to contributed equity during the reporting period.

The number of outstanding employee share options and performance rights on issue at the end of the reporting period was 8,774,000 (30 June 2017: 4,774,000), representing 5.3% of the issued share capital. The increase during the half-year relates to the granting of 4,000,000 performance rights to the Group's CEO under the Group's Omnibus Equity Plan (OEP), approved by members on 26 October 2017.

Significant changes in the state of affairs

There have been no significant changes in the Group's state of affairs during and since the end of the reporting period that have no been disclosed elsewhere in this report.

Events after reporting period

The Group operates an Omnibus Equity Plan (OEP) which was approved by members on 26 October 2017. On 25 January 2018, employees accepted 836,000 Performance Rights offered by the Board under this Plan. The Performance Rights were issued at nil cost and hold no participation rights, but shares issued on exercise of rights rank equally with existing shares. Performance Rights will vest on 25 January 2019, subject to performance hurdles being achieved.

On 3 February 2018 2,000,000 options issued to the Group's CEO on 3 February 2015 expired.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporation Act 2001 in relation to the review for the half-year is provided with this report.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* , the amounts in the Directors' Report have been rounded to the nearest one million dollars and in the Financial Report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of the Directors:

....

Ross Dobinson

Non-Executive Chairman

Melbourne

Dated this day 20 February 2018

AUDITOR’S INDEPENDENCE DECLARATION

To the Directors of *ACRUX LIMITED*.

In relation to the independent auditor’s review for the half-year ended 31 December 2017, to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001;* and

ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of *Acrux Limited* and the entities it controlled during the period.

S SCHONBERG	**PITCHER PARTNERS**
Partner	**Melbourne**

20 February 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	HALF-YEAR	
	31 December 2017	31 December 2016
	$'000	$'000
Revenue and Other Income		
Royalty revenue	**2,420**	13,969
Interest Income	**323**	300
Other Income	**-**	59
Total	**2,743**	14,328
Less: Expenses		
Employee benefits expense	**(2,227)**	(2,211)
Directors' fees	**(184)**	(218)
Share options expense	**(84)**	(233)
Depreciation and amortisation expense	**(448)**	(791)
Impairment losses	**(5,647)**	-
Occupancy expense	**(235)**	(259)
External research and development expense	**(1,911)**	(689)
Professional fees	**(1,973)**	(519)
Royalty expense	**(50)**	(131)
Other expenses	**(321)**	(227)
(Loss)/profit before income tax	**(10,337)**	9,050
Income tax benefit/(expense)	**1,643**	(2,728)
Net (loss)/profit for the half-year	**(8,694)**	6,322
Total comprehensive income for the half-year	**(8,694)**	6,322
Total comprehensive income attributable to members of the parent arises from:		
Continuing operations	**(8,694)**	6,322
	(8,694)	6,322
(Loss)/Earnings per share for profit attributable to the equity holders of the parent entity:		
Basic (loss)/earning per share	**(0.05) cents**	0.04 cents
Diluted (loss)/earnings per share	**(0.05) cents**	0.04 cents

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	31 December 2017 $'000	30 June 2017 $'000
Current assets		
Cash and cash equivalents	**32,363**	33,974
Receivables	**1,451**	5,623
Total current assets	**33,814**	39,597
Non-current assets		
Plant & equipment	**822**	778
Intangible assets	**857**	6,839
Deferred tax asset	**1,668**	92
Total non-current assets	**3,347**	7,709
Total assets	**37,161**	47,306
Current liabilities		
Payables	**1,366**	1,819
Current tax payable	**-**	1,136
Provisions	**455**	407
Total current liabilities	**1,821**	3,362
Non-current liabilities		
Provisions	**25**	19
Total non-current liabilities	**25**	19
Total liabilities	**1,846**	3,381
Net assets	**35,315**	43,925
EQUITY		
Contributed equity	**95,873**	95,873
Reserves	**1,299**	1,215
Retained earnings	**(61,857)**	(53,163)
Equity attributable to equity holders of the Parent	**35,315**	43,925
Total equity	**35,315**	43,925

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Contributed equity	Reserves	Retained earnings	Total equity
CONSOLIDATED	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 July 2017	**95,873**	**1,215**	**(53,163)**	**43,925**
Loss for the period			**(8,694)**	**(8,694)**
Total comprehensive income for the year	**-**	**-**	**(8,694)**	**(8,694)**
Transactions with owners in their capacity as owners:				
Employee share scheme	**-**	**84**	**-**	**84**
Balance as at 31 December 2017	**95,873**	**1,299**	**(61,857)**	**35,315**
Balance as at 1 July 2016	95,873	1,454	(53,438)	43,889
Profit for the period			6,322	6,322
Total comprehensive income for the year	-	-	6,322	6,322
Transactions with owners in their capacity as owners:				
Employee share scheme	-	233	-	233
Vested employee share options that lapsed during period	-	(416)	416	-
Balance as at 31 December 2016	95,873	1,271	(46,700)	50,444

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

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	HALF-YEAR	
	31 December 2017	**31 December 2016**
	$'000	**$'000**
Cash flow from operating activities		
Receipts from product agreements	**6,570**	10,420
Payments to suppliers and employees	**(7,183)**	(5,244)
Interest received	**253**	298
Income tax paid	**(1,069)**	(2,924)
Net cash (used in)/provided by operating activities	**(1,429)**	2,550
Cash flow from investing activities		
Payment for property, plant and equipment	**(159)**	(200)
Net cash used in investing activities	**(159)**	(200)
Net (decrease)/increase in cash and cash equivalents	**(1,588)**	2,350
Cash and cash equivalents at beginning of half-year	**33,974**	29,360
Foreign exchange differences on cash holdings	**(23)**	8
Cash and cash equivalents at end of the half-year	**32,363**	31,718

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Acrux Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

This condensed half-year financial report covers Acrux Limited and controlled entities as a consolidated entity. Acrux Limited is a company limited by shares, incorporated and domiciled in Australia. The address of Acrux Limited registered office and principal place of business is 103-113 Stanley Street, West Melbourne, Vic, 3003. Acrux Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors on 20 February 2018.

(a) Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, as appropriate for for-profit entities, and the Corporations Act 2001. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2017 and the corresponding half-year except as described below in Note 1(b).

(b) Summary of the significant accounting policies

A number of new or amended accounting standards become applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures that were made in the 30 June 2017 annual report as a consequence of these amendments. The fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the condensed consolidated statement of financial position.

(c) Rounding amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* , the amounts in the directors' report have been rounded to the nearest one million dollars and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT OR UNUSUAL INCOME OR EXPENSE ITEMS

	HALF-YEAR	
	31 December 2017 $'000	31 December 2016 $'000
Impairment loss Axiron® capitalised development costs	**(5,647)**	-

The Group recorded a non-cash impairment loss of $5.647 million for the half year. This is a result of a re-assessment of the estimated future discounted cashflows from the Axiron® product negatively impacted by the termination of the licensing agreement with Eli Lilly and Company and the U.S. Court of Appeals for the Federal Circuit affirming all aspects of the judgment by the United States District Court for the Southern District of Indiana.

3 SEGMENT REPORTING

The Group operates as a single operating segment. Internal management reporting systems present financial information as a single segment. The segment derives its revenue from developing and commercialising products using unique technology.

Geographical segment information

Revenue from external customers	31 December 2017 $'000	31 December 2016 $'000
Australia	**323**	300
Switzerland (1)	**2,231**	13,588
Other	**189**	440
	2,743	14,328

(1) Axiron revenue is receivable from a Swiss subsidiary of Eli Lilly and Company

Product information

Revenue by product group / service		
Axiron	**2,231**	13,588
Other	**512**	740
	2,743	14,328

All assets are located in Australia.

4 RESEARCH AND DEVELOPMENT RELATED COSTS

The Group incurs the following expenditure which is related to product research and development including direct costs and indirect management and overheads costs. *

	31 December 2017 $'000	31 December 2016 $'000
Employee costs	**1,993**	2,124
Laboratory costs	**1,844**	381
Facility costs	**458**	410
Other Costs	**1,008**	636
	5,303	3,551

* This differs from the classification of research and development costs pursuant to AASB138 which only comprises direct costs. These costs have been expensed across various lines within the statement of profit and loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

5 INCOME TAX

The parent entity, Acrux Limited is a Pooled Development Fund (PDF):

- PDFs are taxed at 15% on income and gains from investments in small to medium enterprises;
- PDFs are taxed at 25% on other income;
- Groups containing a PDF are not permitted to consolidate for tax purposes.

Income tax benefit of $1.64 million (2016: expense $2.73 million) was recorded for the half-year. The reduction on the prior half-year is attributable to the lower operating profit (excluding the impairment loss) and the reversal of the deferred tax liability associated with the impaired portion of Axiron® capitalised development costs not being realised as initially contemplated.

6 FAIR VALUE MEASUREMENTS

The carrying amount of financial assets and financial liabilities approximate their fair values.

	31 December 2017	30 June 2017
7 INTANGIBLE ASSETS	**$'000**	**$'000**
Capitalised development		
Estradiol		
External development expenditure capitalised	**1,071**	1,071
Accumulated amortisation	**(214)**	(160)
	857	911
Axiron ®		
External development expenditure capitalised	**23,171**	23,171
Accumulated amortisation and impairment losses	**(23,171)**	(17,243)
	-	5,928
Total intangible assets	**857**	6,839
(a) Reconciliations		
Reconciliations of the carrying amounts of intellectual property and capitalised development at the beginning and end of the current financial year:		
Capitalised development		
Estradiol		
Carrying amount at beginning	**911**	1,017
Additions	**-**	-
Amortisation	**(54)**	(106)
	857	911
Axiron ®		
Carrying amount at beginning	**5,928**	17,887
Additions	**-**	-
Amortisation	**(281)**	(1,279)
Impairment losses recognised	**(5,647)**	(10,680)
	-	5,928

The remaining useful life of Estradiol Capitalised Development is approximately 9 years.
Further details of the impairment loss please see note 2 of the financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

8 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2017.

9 EVENTS AFTER REPORTING PERIOD

The Group operates an Omnibus Equity Plan (OEP) which was approved by members on 26 October 2017. On 25 January 2018, employees accepted 836,000 Performance Rights offered by the Board under this Plan. The Performance Rights were issued at nil cost and hold no participation rights, but shares issued on exercise of rights rank equally with existing shares. Performance Rights will vest on 25 January 2019, subject to performance hurdles being achieved.

On 3 February 2018 2,000,000 options issued to the Group's CEO on 3 February 2015 expired.

There have been no other matter or circumstance which have arisen since 31 December 2017 that have significantly affected or may significantly affect:

a) the operations, in financial periods subsequent to 31 December 2017, of the Group, or
b) the results of those operations, or
c) the state of affairs, in financial periods subsequent to 31 December 2017, of the Group.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

(ii) giving a true and fair view of the financial position of the Group as at 31 December 2017 and of its performance for the half-year ended on that date; and

(i) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;

(b) there are reasonable grounds, at the date of this declaration, to believe that Acrux Limited will be able to pay its debts as and when they become due and payable.

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

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Ross Dobinson
Non-Executive Chairman

Melbourne

Dated this day 20 February 2018

PITCHER PARTNERS

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ACRUX LIMITED

We have reviewed the accompanying half-year financial report of Acrux Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, 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 period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Acrux Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ACRUX LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Acrux Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

S SCHONBERG
Partner

20 February 2018

PITCHER PARTNERS
Melbourne