ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2011.

Rule 4.2A.3

Appendix 4D

Half Year Report for the six months to 31 December 2011

Name of entity

Acrux Limited

ABN or equivalent company reference:	72 082 001 152

1. Reporting period

Report for the half year ended	31 December 2011
Previous corresponding period is the financial year ended and half year ended	30 June 2011 31 December 2010

2. Results for announcement to the market

				$'000
Revenues from ordinary activities *(item 2.1)*	Down	95%	to	4,717
Profit from ordinary activities after tax attributable to members (*item 2.2*)	Down	91%	to	5,096
Net profit for the period attributable to members *(item 2.3)*	Down	91%	to	5,096

The comparative period revenue and profit before tax included US$87 million from Eli Lilly, which was due on receipt of authorisation to market Axiron® in the United States in November 2010. For further commentary, please refer to the Review of Operations, in the Directors Report contained within the attached Financial Report for the half-year ended 31 December, 2011.

It is not intended to pay an interim dividend *(item 2.4)*.

3. Net tangible assets per security *(item 3)*

	December 31, 2011	December 31, 2010
Net tangible asset backing per ordinary security	16 cents	77 cents

4. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached), which has been prepared in accordance with Australian accounting standards.

5. Independent review of the financial report *(item 9)*

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2011

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2011.

ACRUX LIMITED
ABN 725 082 001 152
AND CONTROLLED ENTITIES

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

TABLE OF CONTENTS

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of Acrux Limited and the entities it controlled, for the half-year ended 31 December 2011 and independent review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors Names

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

Name	Period of directorship
R Dobinson (Chairperson)	Director since 1998
H K Windle (Deputy Chairperson)	Director since 2001
B C Finnin	Director since 1999. Retired August 2011.
R Treagus (Managing Director)	Director since 2007

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

The consolidated profit before tax for the half-year was $1.7 million (2010: $81.6 million). The prior half-year included milestone income of US$87 million from Eli Lilly following the approval of Axiron® for marketing in the US. The consolidated profit after tax was $5.1 million (2010: $56.7 million) after a tax benefit of $3.4 million (2010: tax expense $24.9 million).

Revenue

Total revenue for the half-year was $4.7 million (2010: $90.5 million), including revenue from product agreements of $3.7 million (2010: $88.7 million). The comparative period included the receipt of US$87 million in milestone income from Eli Lilly. Interest on cash deposits reduced to $0.8 million (2010: $1.8 million), on lower cash reserves following the payment of a special dividend of $99.9 million in April 2011. Foreign currency gains added $0.2 million to revenue; a foreign currency loss of $3.2 million was recorded in the comparative half-year.

Operating Expenses

Total operating expenditure for the half-year was $3.0 million (2010: $8.9 million). The large reduction in operating expenditure was mainly due to lower royalty expenses of $0.1 million (2010: $3.0 million) and no foreign currency loss (2010: $3.2 million). The amounts recorded in the comparative half-year for these categories of expense were associated with the US$87 million milestone revenue following the approval of Axiron for marketing in the US. Foreign exchange losses were incurred as the Australian dollar strengthened prior to settlement of the milestone revenue and royalties were due to Monash Investment Trust.

The reported operating expenditure for the comparative half-year of $8.9 million was reduced by the capitalisation of product development expenditure, mainly employee benefits expense and external research and development expenses. No development expenditure was capitalised for the half-year to 31 December 2011. Total research and development expenditure including the amounts capitalised reduced to $0.5 million in the half-year to 31 December 2011 from $1.0 million in the comparative period. Total employee benefits expense including the amounts capitalised reduced to $1.5 million from $1.9 million in the comparative period, reflecting a reduction in the number of employees.

Income Tax

Income tax benefit of $3.4 million was recorded for the reporting period, compared with income tax expense of $24.9 million for the 6 months to December 2010. The tax benefit was due to tax losses from excess imputation credits on dividends received by the parent entity as well as amendments to prior year tax returns to include additional deductions due under the research and development tax concession.

Cash flow

Net cash outflow for the half-year was $5.1 million (2010: $88.6 million inflow). Cash reserves at the end of the period were $28.2 million (30 June 2011: $33.2 million). Receipts from licensees and government were $2.1 million (2010: $86.0 million). The comparative period included the receipt of the Axiron milestone revenue from Eli Lilly. Interest receipts added $0.8 million (2010: $0.8 million). Corporate income taxes of $4.4 million were paid during the reporting period (2010: nil).

Cash outflow from investing activities was negligible, compared with an outflow of $1.6 million in the comparative period, associated with development expenses for Axiron and Estradiol MDTS®.

No options were exercised during the 6 months to 31 December 2011. For the 6 months to 31 December 2010, $7.4 million of cash was received on exercise of employee share options.

Contributed Equity

There were no changes to equity during the reporting period. The exercise of employee share options added $7.4 million to Contributed Equity during the comparative half-year.

The number of outstanding employee share options on issue at the end of the reporting period was 25,000 (30 June 2011: 25,000), representing 0.02% of the issued share capital. These options are exercisable at $1.84 per share.

Significant changes in the state of affairs

There have been no significant changes in the consolidated group's state of affairs during and since the end of the reporting period.

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

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

Rounding of amounts to nearest thousand dollars
The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors:

H K Windle, Director

Dated this 21st day of February, 2012

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Acrux Limited

In relation to the half-year independent auditor's review for the six months to 31 December 2011, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*.

(ii) No contraventions of any applicable code of professional conduct.

S D WHITCHURCH
Partner
Date

PITCHER PARTNERS
Melbourne

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	Half-Year 2011 $'000	Half-Year 2010 $'000
Revenue from product agreements		3,674	88,660
Interest income		837	1,836
Other income		206	-
Total revenue		4,717	90,496
Employee benefits expense	2	(1,477)	(1,306)
Non-executive directors' fees		(103)	(124)
Share options expense		-	(13)
Depreciation and amortisation expenses		(143)	(133)
Occupancy and lease expenses		(185)	(175)
External research and development expenses	2	(459)	(342)
Foreign exchange losses		-	(3,200)
Professional fees		(184)	(158)
Royalty expenses		(80)	(2,999)
Insurance expenses		(37)	(39)
Payroll tax		(59)	(77)
Other expenses	2	(288)	(304)
		(3,015)	(8,870)
Profit before income tax expense		**1,702**	**81,626**
Income tax benefit/(expense)	3	3,394	(24,883)
Profit from continuing operations		**5,096**	**56,743**
Total comprehensive income for the half-year		**5,096**	**56,743**
Total comprehensive income attributable to:			
Members of the parent		5,096	56,743
Non -controlling interest		-	-
		5,096	**56,743**
Basic earnings per share (cents per share)		0.03	0.35
Diluted earnings per share (cents per share)		0.03	0.34

The accompanying notes form part of these financial statements.

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Notes	31 Dec 2011 $'000	30 June 2011 $'000
CURRENT ASSETS			
Cash and cash equivalents		28,217	33,159
Receivables		2,513	943
TOTAL CURRENT ASSETS		30,730	34,102
NON-CURRENT ASSETS			
Plant and equipment	4	85	126
Intangible assets	5	24,670	24,767
TOTAL NON-CURRENT ASSETS		24,755	24,893
TOTAL ASSETS		55,485	58,995
CURRENT LIABILITIES			
Current tax payable	3	371	5,669
Trade and other payables		935	1,777
Short-term provisions		313	290
TOTAL CURRENT LIABILITIES		1,619	7,736
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3	2,997	5,495
Long-term provisions		61	52
TOTAL NON-CURRENT LIABILITIES		3,058	5,547
TOTAL LIABILITIES		4,677	13,283
NET ASSETS		**50,808**	**45,712**
EQUITY			
Contributed Equity	6	95,825	95,825
Reserves		4	4
Retained earnings		(45,021)	(50,117)
Parent entity interest		50,808	45,712
Non controlling interest		-	-
TOTAL EQUITY		**50,808**	**45,712**

The accompany notes form part of these financial statements.

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2010	85,786	2,061	(7,378)	80,469
Profit for the period	-	-	56,743	56,743
Total comprehensive income for the half-year	-	-	56,743	56,743
Transactions with owners in their capacity as owners:				
Contributions	7,384	-	-	7,384
Employee Share Options Expense	-	13	-	13
Lapsed Employee Share Options	-	-	-	-
Total transactions with owners in their capacity as owners	7,384	13	-	7,397
Balance as at 31 December 2010	**93,170**	**2,074**	**49,365**	**144,609**
Balance as at 1 July 2011	95,825	4	(50,117)	45,712
Profit for the period	-	-	5,096	5,096
Total comprehensive income for the half-year	-	-	5,096	5,096
Transactions with owners in their capacity as owners:				
Contributions	-	-	-	-
Employee Share Options Expense	-	-	-	-
Lapsed Employee Share Options	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-
Balance as at 31 December 2011	**95,825**	**4**	**(45,021)**	**50,808**

The accompany notes form part of these financial statements.

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half-year	
	2011	**2010**
	$'000	**$'000**
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from product agreements and government	2,135	85,985
Payments to suppliers and employees	(3,088)	(3,938)
Interest received	843	791
Taxes paid	(4,398)	(3)
Net cash (used in)/provided by operating activities	**(4,508)**	**82,835**
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(3)	(641)
Proceeds from the sale of plant and equipment	-	432
Payment for capitalised development costs	-	(1,405)
Net cash used in investing activities	**(3)**	**(1,614)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from issues of ordinary shares	(3)	7,397
Dividends paid	(614)	-
Net cash (used in)/provided by financing activities	**(617)**	**7,397**
Net (decrease)/increase in cash and cash equivalents	(5,128)	88,618
Foreign exchange differences on cash holdings	186	(133)
Cash and cash equivalents at beginning of half-year	33,159	58,609
Cash and cash equivalents at end of the half-year	**28,217**	**147,094**

The accompany notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This 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 2011 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*.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(a) Basis of preparation of the half-year financial report

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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.

(b) Summary of the significant 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 2011 and the corresponding half-year.

(i) Intangible Assets

The intangible assets accounting policy is significant to the preparation of the financial statements. Intangible assets are valued in the accounts at cost of acquisition. The balances are reviewed annually and any balances representing probable future benefits that are no longer anticipated are written off.

Intellectual Property
Purchased intellectual property is initially recorded at cost. Intellectual property with a finite life is carried at cost less any accumulated amortisation and any impairment losses. The intellectual property is amortised over the useful life of the relevant patents.

Research and Development
Expenditure during the research phase of a project is recognised as an expense when incurred. Product development costs are capitalised only when each of the following specific criteria has been satisfied:

1. Technical feasibility of completing development of the product and obtaining approval by regulatory authorities.
2. Ability to secure a commercial licensee for the product.
3. Availability of adequate technical, financial and other resources to complete development of the product, obtain regulatory approval and secure a commercial licensee.
4. Reliable measurement of expenditure attributable to the product during its development.
5. High probability of the product entering a major pharmaceutical market.

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(b) Summary of the significant accounting policies (continued)

(i) Intangible Assets (continued)

Capitalised development costs have a finite life and are amortised on a systematic basis over the period from first commercial sale of the product and cease at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with AASB5 and the date that the asset is derecognised.

The useful life of each asset and the total economic benefits that will be generated by the asset over its useful life are estimated and the asset cost is divided by the total economic benefits resulting in an amount of cost to be amortised per dollar of economic benefit. The estimated useful life and total economic benefit for each asset are reviewed at least annually. The useful life of one asset for which amortisation has commenced is approximately 15 years. Amortisation expense is included in 'Other Expenses' of the Statement of Comprehensive Income.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Acrux Limited controlled from time to time during the half-year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses, have been eliminated on consolidation.

(d) Rounding Amounts

The company is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 2: RECONCILIATION OF OPERATING EXPENSES IMPACTED BY THE CAPITALISATION OF DEVELOPMENT EXPENDITURE

	Half-year	
	31 Dec 2011 $'000	31-Dec 2010 $'000
Total employee benefits expense	1,477	1,873
Capitalised - Axiron®	-	(514)
Capitalised - Estradiol MDTS®	-	(53)
Per income statement	1,477	1,306
External research and development expenses	459	1,042
Capitalised - Axiron®	-	(663)
Capitalised - Estradiol MDTS®	-	(37)
Per income statement	459	342
Other expenses	288	502
Capitalised - Axiron®	-	(179)
Capitalised - Estradiol MDTS®	-	(19)
Per income statement	288	304
Total capitalised expenses		
Capitalised - Axiron®	-	1,356
Capitalised - Estradiol MDTS®	-	109
	-	1,465

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 3: INCOME TAX

	Half-year	
	31 Dec 2011 $'000	**31-Dec 2010 $'000**
(a) Income tax recognised in profit or loss:		
Current tax	727	23,939
Deferred tax	(125)	859
(Over)/under provision in prior years	(3,996)	85
Income tax (credit)/expense attributable to profit	(3,394)	24,883
(b) Reconciliation of income tax expense		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit before tax from continuing operations	1,702	81,626
Prima facie income tax payable on profit before income tax at 15.0% for parent entity and 30.0% for subsidiaries (2010: 25.0% for parent entity and 30.0% for subsidiaries)[1]	603	24,523
Add/(subtract) tax effect:		
Non deductible expenses	12	3
Foreign tax credits written off	4	256
(Over)/under provision in prior years	(1,623)	85
Previously unrecognised tax losses	(7)	-
Previously unrecognised temporary differences	(2,383)	-
Tax losses and temporary differences not brought to account	-	16
	(3,997)	360
Income tax (benefit)/expense attributable to profit	(3,394)	24,883

	31 Dec 2011 $'000	**30 June 2011 $'000**
(c) Current tax		
Opening balance	5,669	-
(Over)/under provision in prior years	(1,623)	1,295
Provision for current year	723	24,716
Tax losses transferred from deferred tax	-	(5,053)
Tax payments	(4,398)	(15,289)
Current tax liability	371	5,669

NOTE 3: INCOME TAX (Continued)

(d) Deferred tax balances

31 December 2011	**Opening balance**	**Over-provision prior years**	**Transferred to current tax**	**Recognised in profit or loss**	**Closing balance**
Temporary differences	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Intangible assets	(6,948)	-	-	15	(6,933)
Accruals and provisions	179	(12)	-	14	181
Leasehold improvements	228	-	-	(6)	222
Patent expenses	606	-	-	47	653
Exchange differences	55	-	-	(104)	(49)
Accrued interest	(43)	1	-	13	(29)
Share issue expenses	33	(13)	-	-	20
	(5,890)	(24)	-	(21)	(5,935)
Unused tax losses and credits					
Tax losses	395	2,397	-	146	2,938
Foreign tax credits	-	-	-	-	-
	395	2,397	-	146	2,938
	(5,495)	2,373	-	125	(2,997)

30 June 2011	**Opening balance**	**Over-provision prior years**	**Transferred to current tax**	**Recognised in profit or loss**	**Closing balance**
Temporary differences	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Intangible assets	(6,545)	-	-	(403)	(6,948)
Accruals and provisions	295	-	-	(116)	179
Leasehold improvements	239	-	-	(11)	228
Patent expenses	658	(170)	-	118	606
Exchange differences	77	-	-	(22)	55
Accrued interest	(113)	-	-	70	(43)
Share issue expenses	34	32	-	(33)	33
	(5,355)	(138)	-	(397)	(5,890)
Unused tax losses and credits					
Tax losses	4,008	1,441	(5,054)	-	395
Foreign tax credits	253	-	-	(253)	-
	4,261	1,441	(5,054)	(253)	395
	(1,094)	1,303	(5,054)	(650)	(5,495)

(e) Deferred tax assets not brought to account	**31 Dec 2011 $'000**	**30 June 2011 $'000**
Temporary differences	(326)	(316)
Tax losses	6,531	6,949
	6,205	6,633

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

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

NOTE 4: PLANT AND EQUIPMENT

	Notes	31 Dec 2011 $'000	30 June 2011 $'000
Leasehold Improvements			
At cost		1,115	1,115
Accumulated amortisation		(1,115)	(1,115)
Total leasehold improvements	(a)	-	-
Plant and equipment			
At cost		418	469
Accumulated depreciation		(333)	(343)
Total plant and equipment	(a)	85	126
Total plant and equipment		85	126

(a) Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the period.

	31 Dec 2011 $'000	30 June 2011 $'000
Leasehold improvements		
Carrying amount at beginning	-	-
Additions	-	-
Amortisation expense	-	-
	-	-
Plant and equipment		
Carrying amount at beginning	126	1,024
Additions	5	28
Disposals	-	(786)
Depreciation expense	(46)	(140)
	85	126

NOTE 5: INTANGIBLE ASSETS

	31 Dec 2011 $'000	30 June 2011 $'000
Intellectual Property		
At cost	1,200	1,200
Accumulated amortisation	(711)	(664)
Net carrying amount	489	536
Capitalised Development Expenses		
Estradiol MDTS®		
External research and development expenses	766	766
Employee benefits expense	169	169
Other capitalised expenses	136	136
	1,071	1,071
Axiron®		
External research and development expenses	17,415	17,415
Employee benefits expense	3,353	3,353
Other capitalised expenses	2,403	2,403
Accumulated amortisation	(61)	(11)
	23,110	23,160
Net carrying amount	24,181	24,231
Total Intangible Assets	24,670	24,767

AASB 138 'Intangible Assets' requires that development expenses are capitalised as an asset generating probable future economic benefits if a number of criteria are met. The Directors believe that these criteria have been met for Estradiol MDTS® and Axiron®.

NOTE 6: ISSUANCES OF EQUITY SECURITIES

Movements in shares on issue	**31 Dec 2011 No.**	**30 June 2011 No.**	**31 Dec 2011 \$'000**	**30 June 2011 \$'000**
Beginning of the financial year	166,496,711	160,556,216	95,825	85,786
Issued during the year:				
Employee share scheme	-	5,940,495	-	7,982
Less capital raising expenses	-	-	-	(17)
Fair value of shares issued on exercise of employee share options	-	-	-	2,074
Net contributions from share issues	-	-	-	10,039
At reporting date	**166,496,711**	**166,496,711**	**95,825**	**95,825**

NOTE 7: SEGMENT INFORMATION

The consolidated entity 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 to administer drugs through the skin.

Additional information on revenue:	**Half-year**	
	31 Dec 2011 $'000	**31-Dec 2010 $'000**
Product/Service		
Axiron®	3,096	88,662
Other	1,621	1,834
Total revenue	4,717	90,496
Country of Origin		
Australia	858	1,836
Switzerland	3,096	88,662
Other	763	(2)
	4,717	90,496

All assets are located in Australia.

NOTE 8: CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2011.

NOTE 9: SUBSEQUENT EVENTS

There has been no other matter or circumstance, which has arisen since 31 December 2011 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 December 2011, of the consolidated entity, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 31 December 2011, of the consolidated entity.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001* and:

(a) Comply with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and other mandatory professional requirements; and

(b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2011 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds 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.

H K Windle
Director

Dated this 21st day of February, 2012
Melbourne

ACRUX LIMITED
ABN 72 082 001 152

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 2011, 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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half- year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Acrux Ltd and controlled entities, 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

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 Ltd and controlled entities is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of their performance for the half-year ended on that date; and

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

S D WHITCHURCH
Partner

PITCHER PARTNERS
Melbourne

21 February 2012