ACRUX ANNOUNCES 2014/15 RESULTS AND DIVIDEND

Acrux (ASX: ACR) today announced its financial result for the year ended 30 June 2015 and also declared a dividend of 6 cents per share, fully franked.

"We are pleased to declare a tax-free dividend of 6 cents per share, closing the year with a strong cash position", said Acrux Chairman Mr. Dobinson.

The record date for entitlement to the dividend is 20 August 2015 and the estimated date for dispatch of payment is 3 September 2015.

Financial highlights:

- Cash at 30 June 2015, $23.1 million;
- Net profit after tax $11.1 million for 2014/15 year;
- Earnings per share 6.7 cents per share;
- Final dividend of 6 cents per share, fully franked
    - Record date 20 August 2015
    - Expected payment date 3 September 2015

Mr. Kotsanis, Acrux CEO and Managing Director commented "Acrux is a successful Australian company with some exciting development prospects and is well placed to execute its future strategic priorities, aimed at increasing shareholder returns."

Shareholders and analysts are encouraged to join the Investor Conference Call, to be held on Thursday 13 August 2015. Details of the Conference Call were released in a separate announcement on 12 August 2015. Acrux will discuss the financial results for the year ended 30 June 2015 and will provide an update on strategy.

The audited Financial Report for the year ended 30 June 2015, Appendix 4E and Appendix 4G are attached to this announcement.

Note to shareholders:

As Acrux is a Pooled Development Fund, Australian resident shareholders have two choices in relation to how to treat the dividends for income tax purposes:

1. **Include the franked dividend as taxable income and claim a tax credit for imputed tax credit attached to the dividend, or**
2. **Not include the franked dividend as taxable income.**

Contact

Michael Kotsanis, CEO and Managing Director: 03 8379 0100

About Acrux

- Acrux is an Australian drug delivery company, developing and commercialising a range of patient-preferred, patented pharmaceutical products for global markets, using its innovative technology to administer drugs through the skin.
- The Acrux technology, used in marketed products including AXIRON®, Evamist® and Recuvyra™, is based on a fast-drying, small volume, accurately dosed solution, containing penetration enhancers, that when applied topically, deposit drug through the skin for long acting delivery.
- Acrux has three products marketed by licensees in the USA, three products approved in Europe, and further products at earlier stages of development.

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

ACRUX LIMITED
ABN: 72 082 001 152
AND CONTROLLED ENTITIES

FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

Rule 4.3A

Appendix 4E **Preliminary Final Report**

Name of entity

Acrux Limited

ABN: 72 082 001 152

1. Reporting period

Report for the financial year ended 30 June 2015
Previous corresponding period is the financial year ended 30 June 2014

2. Results for announcement to the market

				$ '000
Revenues from ordinary activities *(item 2.1)*	down	53%	to	25,368
Profit (loss) from ordinary activities after tax attributable to members (*item 2.2*)	down	60%	to	11,130
Net profit (loss) for the period attributable to members *(item 2.3)*	down	60%	to	11,130

Dividends *(item 2.4)* [1]	Amount per security	Franked amount per security
Interim dividend Final dividend	Nil 6 cents	Not Applicable 3cents
Record date for determining entitlements to the dividend *(item 2.5)*	20 August 2015	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*: Please refer to commentary provided in the Directors' Report in the attached Financial Report.

[1] Or include a statement that the entity has not proposed to pay a dividend

3. Statement of Comprehensive Income *(item 3)*

Refer to the attached statement and relevant notes

4. Statement of Financial Position *(item 4)*

Refer to the attached statement and relevant notes

5. Statement of Cash Flows *(item 5)*

Refer to the attached statement and relevant notes

6. Dividends *(item 7)*

	Date of payment	**Total amount of dividend**
Final dividend – year ended 30 June 2015	3 September 2015	6 cents
Interim dividend – year ended 30 June 2015	Not Applicable	Nil
Final dividend – year ended 30 June 2014	22 September 2014	8 cents

Amount per security

	Amount per security	Franked amount per security	Amount per security of foreign sourced dividend
Total dividend: Current year	8 cents	3 cents	Nil
Previous year	20 cents	Nil	Nil

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities (*each class separately)*	13,322	33,304
Total	**13,322**	**33,304**

7. Details of dividend or distribution reinvestment plans in operation are described below *(item 8)*:

Not Applicable	
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	Not Applicable

8. Statement of retained earnings *(item 6)*

	Consolidated Entity		Parent Entity	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at the beginning of year	(54,454)	(49,120)	(77,284)	(73,510)
Net profit attributable to members of the parent entity	11,130	27,970	17,615	29,530
Total available for appropriation	(43,324)	(21,150)	(59,669)	(43,988)
Dividends paid	(13,322)	(33,304)	(13,322)	(33,304)
Transfer to profit reserve	-	-	(4,293)	-
Vested Employee shares that lapsed during the period	204	-	204	-
Balance at end of year	(56,442)	(54,454)	(77,080)	(77,284)

9. Net tangible assets per security *(item 9)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	12 cents	12 cents

10. Details of entities over which control has been gained or lost during the period: *(item 10)*

Control gained over entities

Name of entities *(item 10.1)*	Not Applicable
Date(s) of gain of control *(item 10.2)*	Not Applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired *(item 10.3)*	Not Applicable
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.3)*	Not Applicable

Loss of control of entities

Name of entities *(item 10.1)*	Not Applicable
Date(s) of loss of control *(item 10.2)*	Not Applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 10.3).*	Not Applicable
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.3)*	Not Applicable

11. Details of associates and joint venture entities *(item 11)*

Name of associate or joint venture entity *(item 11.1)*	**%Securities held** *(item 11.2)*
Not Applicable	Not Applicable

Aggregate share of profits (losses) of associates and joint venture entities *(item 11.3)*

	2015 $	2014 $
Group's share of associates' and joint venture entities':		
Profit (loss) from ordinary activities before tax Income tax on ordinary activities	Not Applicable	Not Applicable
Net profit (loss) from ordinary activities after tax Adjustments	Not Applicable	Not Applicable
Share of net profit (loss) of associates and joint venture entities	Not Applicable	Not Applicable

12. Significant information relating to the entity's financial performance and financial position.

Refer to the Directors' Report in the attached Financial Report

13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian Accounting Standards *(item 13)*.

14. Commentary on the results for the period.

Refer to the Directors' Report in the attached Financial Report

15. Audit of the financial report *(item 15)*

Select one of the following

✓ The financial report has been audited

☐ The financial report has not yet been audited.

☐ The financial report is in the process of being audited.

16. The audit has not yet been completed

Select one of the following:

☐ The financial report is not likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph.

☐ The financial report is likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph as described below.

Not Applicable

17. The audit has been completed.

Select one of the following:

✓ The financial report contains an independent audit report that is not subject to a modified opinion, emphasis of matter or other matter paragraph.

☐ The financial report contains an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph as described below.

The financial report contains an independent audit report that is not subject to a modified opinion, emphasis of matter or other matter paragraph

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015
PROVIDED TO THE ASX UNDER LISTING RULE 4.7.3 and 4.10.3

Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity

Acrux Limited

ABN/ARBN	Financial year ended
ABN: 72 082 001 152	30 June 2015

Our corporate governance statement[2] for the above period above can be found at:[3]

☐ these pages of our annual report: ____

✓ this URL on our website: http://investors.acrux.com.au/investor-centre/?page=corporate-governance

The Corporate Governance Statement is accurate and up to date as at 6 July 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: ______________________________

Sign here: ______________________________
Director/company secretary

Print name: Sharon Papworth_________________

[1] Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

[2] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
<u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR *MANAGEMENT* AND OVERSIGHT</u>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: Details of roles and responsibilities can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ✓ at this location: Refer to the Corporate Governance Statement, Board Charter, Audit and Risk Committee Charter and Human Capital and Nomination Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: Refer to the Corporate Governance Statement, Human Capital and Nomination Committee Charter and Continuous Disclosure and Shareholder Reporting Policy, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: ____________________ *Insert location here*	A written agreement is held with the Chairman and each senior executive, including the Chief Executive Officer & Managing Director. Written agreements are not held with other Directors, however both understand the role and responsibility of being a Director, meeting performance criteria and complying with the Company's Corporate Governance Principals.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: The Company Secretary is accountable to the Board of Directors, Acrux Limited. http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	… the fact that we have a diversity policy that complies with paragraph (a): ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: Refer to the Diversity Policy, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and a copy of our diversity policy or a summary of it: ✓ at this location: Refer to the Diversity Policy, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: ____________________________________ *Insert location here* … and the information referred to in paragraphs (c)(1) or (2): ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: ______________________________ *Insert location here*	The Board of Directors values the contribution of a diverse workforce. Given the size of the organization, specific diversity targets have not been set.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☐ in our Corporate Governance Statement **OR** ✓ at this location: Refer to the Human Capital and Nomination Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and the information referred to in paragraph (b): ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Human Capital and Nomination Committee reviews the performance of Directors.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☐ in our Corporate Governance Statement **OR** ✓ at this location: Refer to the Corporate Governance Statement and Human Capital and Nomination Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and the information referred to in paragraph (b): ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Human Capital and Nomination Committee reviews the performance of senior executives. Refer to the Financial Report for the year ended 30 June 2015 for further details.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Board has established a Human Capital and Nomination Committee to oversee remuneration and make appropriate recommendations to the Board. The Chair is independent and has been disclosed in the Financial Report for the year ended 30 June 2015. The Company's Human Capital and Nomination Committee Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and a copy of the charter of the committee: ✓ at this location: The Company's Human Capital and Nomination Committee Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ✓ at this location: Details are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2015. [If the entity complies with paragraph (b):] … the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Human Capital and Nomination Committee carries out the function of a Nomination Committee. Refer to the Human Capital and Nomination Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: The skills and diversity of the Board is disclosed in the Directors Report. Refer to the Financial Report for the year ended 30 June 2015 for further information.	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: The Board has detailed the requirements for a Director to be considered to be independent. Refer to the Corporate Governance Statement and Board Charter located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance The Board has assessed the independence of each Director. The following Directors are not independent: • Chief Executive Officer and Managing Director; and • Chairman, having previously been employed as Executive Chairman and serving as Director for 13 years. In addition, the Chairman holds a substantial quantity of shares in Acrux Limited. … where applicable, the information referred to in paragraph (b): ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: Where applicable, this information will be detailed in the Financial Report. … the length of service of each director: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: The date of appointment of each Director is detailed in the Directors Report. Refer to the Financial Report for the year ended 30 June 2015 for further information.	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **OR** ☐ at this location: __________________________________ *Insert location here*	The majority of the Board were deemed to be independent Directors until February 2015, when one Non-Executive Director resigned. Since February, the Board of Directors comprises 4 Directors, including 2 independent Directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **OR** ☐ at this location: __________________________________ *Insert location here*	The Chairman is not an independent Director, having previously been employed as Executive Chairman and serving as Director for 13 years. In addition, the Chairman holds a substantial quantity of shares in Acrux Limited.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Board has a program for inducting new Directors and provides development opportunities to ensure each Director has the skills and knowledge to perform their role as Director effectively. Refer to the Corporate Governance Statement and Board Charter located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: ☐ in our Corporate Governance Statement **OR** ✓ at this location: Directors and senior executives are bound by the Company's Code of Conduct. Refer to the Corporate Governance Statement Code of Conduct located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the	[If the entity complies with paragraph (a):] … the fact that we have an audit committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ✓ at this location:	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have **NOT** followed the recommendation in full for the whole of the period above. We have disclosed …
	chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Refer to the Corporate Governance Statement and Audit and Risk Committee Charter located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance The Chair is independent and has been disclosed in the Financial Report for the year ended 30 June 2015. … and a copy of the charter of the committee: ✓ at this location: The Audit and Risk Committee Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ✓ at this location: Details of qualifications and experience is provided in the Directors Report contained within the attached Financial Report for the year ended 30 June 2015. [If the entity complies with paragraph (b):] … the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☐ in our Corporate Governance Statement **OR** ☐ at this location: Not applicable. The Company has established an Audit and Risk Committee.	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Company receives a statement complying with recommendation 4.2 from its CEO and CFO. This requirement is detailed in the Audit and Risk Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The external auditor attends the Company's AGM and is available to answer questions from members pertaining to the audit. Refer to the Continuous Disclosure and Shareholder Reporting Policy located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Company has published its policy for complying with principal 5. Refer to the Continuous Disclosure and Shareholder Reporting Policy located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Company's Corporate Governance Statement and Corporate Governance policies can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **OR** ✓ at this location: Refer to the Continuous Disclosure and Shareholder Reporting Policy located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☐ in our Corporate Governance Statement **OR** ✓ at this location: Refer to the Continuous Disclosure and Shareholder Reporting Policy located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Company encourages security holders to receive communication electronically. Further details can be found via http://investors.acrux.com.au/investor-centre/?page=my-shareholding	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Board has established an Audit and Risk Committee to oversee risk and make recommendations to the Board regarding risk management. The Company's Audit and Risk Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance The Chair is independent and has been disclosed in the Financial Report for the year ended 30 June 2015. … and a copy of the charter of the committee: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Company's Audit and Risk Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and the information referred to in paragraphs (4) and (5):	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
		☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: Details are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2015. [If the entity complies with paragraph (b):] … the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: Not applicable. The Company has established and Audit and Risk Committee and complies with 7.1(a).	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: The Audit and Risk Committee meets biannually to discuss and review the Company's risk framework. Details regarding Committee meetings are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2015.	☐ an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; **<u>OR</u>** (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: ______________________________ *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: The Company does not have an internal audit function, however deploys both internal and external resources to evaluate the	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
		effectiveness of internal controls.	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: Relevant details are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2015.	☐ an explanation why that is so in our Corporate Governance Statement
<u>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</u>			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **<u>OR</u>** (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: The Board has established a Human Capital and Nomination Committee to oversee remuneration and make appropriate recommendations to the Board. The Company's Human Capital and Nomination Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance The Chair is independent and has been disclosed in the Financial Report for the year ended 30 June 2015. … and a copy of the charter of the committee: ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: The Company's Human Capital and Nomination Committee Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **<u>OR</u>** ✓ at this location: Details are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2015.	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
		[If the entity complies with paragraph (b):] … the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: ☐ in our Corporate Governance Statement **OR** ☐ at this location: Not applicable.	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Company discloses these details in its Human Capital and Nomination Committee Charter which can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☐ in our Corporate Governance Statement **OR** ✓ at this location: The Company has two equity-based remuneration schemes. These details have been made publically available via the ASX.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	… the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement **OR** ☐ at this location: Not applicable.	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	… the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: Not applicable.	☐ an explanation why that is so in our Corporate Governance Statement

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

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ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report together with the financial report of the consolidated entity, consisting of Acrux Limited and the entities it controlled for the financial year ended 30 June 2015 and the independent auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Principal Activities

The principal activities of the consolidated entity during the financial year were the development and commercialisation of healthcare products. There has been no significant change in the nature of these activities during the financial year.

Operating Results

The consolidated profit, after income tax, attributable to the members of Acrux Limited was $11.1 million (2014: $28.0 million). Diluted earnings per share were 6.7 cents (2014: 16.8 cents).

Review of Operations

A review of the operations of the consolidated entity during the financial year and the results of those operations are as follows:

Vision

Acrux is an innovative Australian drug delivery business developing and commercialising a range of patient-preferred products for global markets, using unique proprietary technology to administer drugs.

Business Strategy

Acrux's strategy is to create new human and veterinary pharmaceutical products by combining proven drugs and new chemical entities with innovative delivery technologies. Using proven drugs means that the development time is usually shorter and the risk and expenditure lower than is typical for new drug development. Intellectual property (IP) remains an important cornerstone of our product development strategy both in terms of creating new IP (where relevant), and ensuring freedom to operate in the fields in which we develop products.

Acrux's development skills are used to progress a range of products through clinical and regulatory milestones, before commercialising them in global markets through selected commercial partners, who provide expertise in the particular market. The value of each product is shared with the partner.

Operating Results

The consolidated profit before tax was $16.8 million (2014: $43.9 million). The consolidated profit after tax was $11.1 million (2014: $28.0 million).

Revenue

Total revenue for the financial year was $25.4 million (2014: $53.9 million). Revenue from product agreements was $24.6 million (2014: $53.4 million) and comprises royalty revenue of $24.6 million (2014: $24.7 million) and milestones. No milestones were received during the financial year (2014: $28.7 million). Further milestones may be generated from meeting contractual milestones in future years. Interest income contributed $0.6 million (2014: $0.5 million). Royalty revenue from Axiron® was $24.3 million (2014: $24.5 million).

Operating Expenditure
Operating expenditure totalled $8.6 million (2014: $10.0 million). Royalty payments due to Monash Investment Trust decreased to $0.9 million (2014: $1.8 million), in line with the reduction in product income. Employee benefits expense increased to $2.7 million (2014: $2.3 million), the result of a general increase in staff salaries in line with CPI and the recruitment of the new Chief Executive Officer. Directors' fees decreased to $0.4 million (2014: $0.6 million) due to the Chairman relinquishing his Executive capacity and the resignation of one Non-Executive Director during the year. Professional fees increased to $0.7 million (2014: $0.3 million), the result of investment in the consolidated entities strategy coupled with legal costs incurred in the dispute with Hexima. A non-cash expense of $0.8 million (2014: $0.6 million) was recorded for employee share options granted during the reporting period, as required by accounting standard AASB 2. The continued strength of the US dollar against the Australian dollar resulted in a favourable conversion of product income, which is received in US dollars. No foreign exchange losses were recorded during the financial year (2014: $1.2 million). Foreign exchange gains totalled $0.2 million (2014: $nil).

Income tax expense for the financial year was $5.7 million (2014 $15.9 million), in line with the reduction in consolidated profit before income tax. Further details of the income tax expense are provided at Note 1 (j) of the financial report which follows the Director's Report.

Cash flow
Net cash provided by operating activities totalled $10.5 million (2014: $36.4 million). Net cash outflow for the financial year was $2.9 million (2014: a net cash inflow of $3.0 million was recorded). Cash reserves at 30 June 2015 were $23.1 million (30 June 2014: $25.8 million).

Receipts from product agreements totalled $25.2 million (2014: $53.4 million) comprising royalty income $24.4 million (2014: $24.7 million) with no milestones received (2014: $28.7 million). Interest receipts added $0.6 million (2014: $0.5 million). Payments to suppliers and employees decreased to $6.5 million (2014: $6.7 million). Income taxes paid decreased to $8.9 million from the $10.8 million recorded in the 2014 financial year.

The outflow of cash recorded for financing activities represents the payment of $13.3 million (2014: $33.3 million) of dividends to shareholders, comprising the 8 cent final dividend for the 2013/14 financial year.

Contributed Equity
There were no changes to contributed equity during the financial year.

The number of outstanding employee share options on issue at the end of the reporting period was 3,380,000 (30 June 2014: 1,855,000), representing 2.0% of the issued share capital. These options are exercisable under two schemes, 1,380,000 at $4.30 per share and 2,000,000 at $1.32 per share.

DIRECTORS' REPORT

Key Events During the Year

- In addition to preclinical work on project in development, Acrux explored opportunities on a series of generic projects utilising Acrux's proven transdermal and topical technology.
- Evamist technology transfer has been completed with Gedeon Richter likely to receive national approvals and launch during the quarter ended March 2016.
- Axiron's net sales for the 2014/15 financial year totalled US$155.4 million, down from US$181.1 million in the prior year.
- The Food and Drug Administration (FDA) released a statement regarding the use of Testosterone Replacement Therapy in the US, titled 'FDA Cautions About Using Testosterone Products for Low Testosterone Due to Aging; Requires Labeling Change to Inform of Possible Increased Risk of Heart Attack And Stroke"
- Acrux and Eli Lilly filed a lawsuit in the United States against Amneal Pharmaceuticals LLC., Lupin Pharmaceuticals Inc. for infringement of issued US patents covering Axiron.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the consolidated entity during the year.

After Balance Date Events

The Board resolved to issue 1,000,000 Options to the Chief Executive Officer, Mr. Kotsanis on 22 July 2015 at an exercise price of $1.11 per share. The Options comprise the long term incentive component of the remuneration package for the Chief Executive Officer and were issued pursuant to the terms of the Chief Executive Officer Share Option Plan, which was approved at the Acrux Limited Extraordinary General Meeting on 3 February 2015. Shares allocated on exercise of the Options will rank equally from the date of exercise.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments

For the foreseeable future, the consolidated entity's financial results will be materially influenced by the sales performance of Axiron in the United States and/or development of the consolidated entity's product pipeline, involving transition of pipeline products from preclinical activities to clinical trial initiation.

Under a license agreement with Eli Lilly, the consolidated entity receives royalties on worldwide sales of Axiron by Eli Lilly and it is eligible to receive potential sales milestone payments of up to US$170 million.

Development of the consolidated entity's pipeline is progressing, the key focus being development of formulations for world wide commercialsiation of high value therapies. Details will released as and when projects in the consolidated entity's pipeline progress through the development life cycle.

Environmental Regulation

The consolidated entity's operations are subject to certain environmental regulations under the laws of the Commonwealth and of the State. Details of the consolidated entity's performance in relation to such environmental regulations are as follows:

Laboratory Waste

In order to ensure compliance with the Environment Protection Act 1970, the consolidated entity engages an external waste management consultant. This consultant has ISO 14001:2004 Certified Environmental Management to ensure compliance with the legislative requirements. The consultant issues an EPA Transport Certificate at every collection of waste to ensure safe collection, transport, delivery and disposal/recycling procedures.

Trade Water Waste

An agreement exists with City West Water to ensure compliance under the Water Industry Act 1994 and Water Industry Regulations 1995. This agreement ensures that the acceptance of trade waste into the sewage network is managed effectively and that City West Water is aware of the type and quantities of waste disposed of by the consolidated entity.

The Directors are not aware of any breaches during the period covered by this report.

Dividend Paid, Recommended and Declared

A final franked dividend for the 2013/14 financial year of 8 cents per share, totaling $13.3 million, was paid during the reporting period. On 12 August 2015, the Directors resolved to declare a final dividend to shareholders of 6 cents per share, franked. The total amount of the dividend, based on the number of shares on issue at 30 June 2015 and at the date of this report, is $10.0 million.

Share Options

Unissued ordinary shares of Acrux Limited under option at the date of this report are as follows:

Date options granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
31 July 2013	780,000	$4.30	July 2016
21 November 2013	600,000	$4.30	July 2016
3 February 2015	2,000,000	$1.32	February 2018
	3,380,000		

No option holder has any right under the options to participate in any other share issue of the Company.

A total of 2,000,000 options over unissued ordinary shares were granted to the CEO during the financial year.

Shares Issued On Exercise of Options

There were no shares issued during the financial year from the exercise of share options.

Indemnification and Insurance of Directors and Officers

During the financial year, the consolidated entity has paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the Company and its controlled entities. Officers indemnified include the company secretary, all Directors and all executive officers participating in the management of the Company and its controlled entities. Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the insurance contract.

Proceedings on Behalf of the Consolidated Entity

In May 2013, November 2013, December 2014 and July 2015, Acrux DDS Pty Ltd together with Eli Lilly and Company filed lawsuits in the United States District Court for the Southern District of Indiana against 1) Perrigo Israel Pharmaceuticals Limited (“Perrigo”), 2) Watson Laboratories Inc. (Äctavis”), 3) Amneal Pharmaceuticals LLC (Ämneal”) and 4) Lupin Pharmaceuticals Inc. (“Lupin”), respectively for infringement of issued patents covering Axiron. In each instance, the patents are owned by Acrux DDS, a wholly-owned subsidiary of Acrux Limited and exclusively licensed to Lilly. The lawsuits were filed in response to notice letters sent by each company regarding its filing with the US Food and Drug Administration of an Abbreviated New Drug Application ("ANDA") for a Testosterone Metered Dose Transdermal Solution. The letters each stated that the respective ANDAs contain Paragraph IV certifications with respect to US Patent’s that include claims relating to the application of testosterone formulations to the underarm and to the applicator used to apply Axiron. Actavis further includes paragraph IV certifications with respect to US patents that include claims relating to the quick-drying formulation. A Paragraph IV certification alleges invalidity, unenforceability and/or non-infringement of a patent.

Through 2014, a number of pending product liability lawsuits were filed against Acrux and Eli Lilly in the United States District Court for the Northern District of Illinois, including claims that assert injury caused by testosterone replacement therapy. These cases, brought by private plaintiffs, were consolidated for pre-trial purposes in the United States District Court for the Northern District of Illinois under the Multi-District Litigation Rules as Testosterone Replacement Therapy Products Liability Litigation, MDL No. 2545.

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a Director of Acrux Limited at any time during or since 1 July 2014 is provided below, together with details of the company secretary as at the year end. The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors and Company Secretary (Continued)

R Dobinson (Director since March 1998)

Responsibilities	-	From November 2014, Non-Executive Chairman; 1 July 2012, Executive Chairman; prior to 1 July 2012, Non-Executive Chairman
Qualifications	-	BBus
Experience	-	Ross has been a Director since 1998 and was appointed Chairman in January 2006 and then Executive Chairman from 1 July 2012 to October 2014. He is a founder and former CEO of Acrux. Ross has a background in investment banking and stockbroking. He is currently Managing Director of TSL Group Ltd, a corporate advisory company specialising in establishing and advising life sciences companies. He was a founding Director of Starpharma Holdings Limited (ASX: SPL) since May 1997, former Executive Chairman of Hexima Limited which was listed on the ASX from July 2010 to June 2011, former Chairman of TPI Enterprises Limited (ASX:TPE), a former Director of Roc Oil Company Limited (ASX: ROC) and a former Director of Racing Victoria Limited.

B Parncutt (Director since April 2012)

Responsibilities	-	Non-Executive Director, member of the Human Capital and Nomination Committee and Chair of the Audit and Risk Committee with financial qualification
Qualifications	-	BSc, MBA
Experience	-	Bruce joined the board on 30 April 2012. His career spans over 40 years in investment management, investment banking and stockbroking including seven years as Chief Executive of listed securities firm Mclntosh Securities (1990-1996) and three years as Senior Vice President of Merrill Lynch (1997-1999). His experience includes extensive involvement in financial analysis, merger and acquisition transactions, capital-raisings, and investment in companies across a broad spectrum from early stage to mature public companies. He holds a Bachelor of Science, an MBA, and is a Member of the Financial Services Institute of Australasia. Bruce is Chairman of the investment and corporate advisory firm Lion Capital. He is President of The National Gallery of Victoria and a Board Member of the NGV Foundation and the Australian Ballet Company. He was previously a Director of ASX listed Stuart Petroleum Limited (from Aug 2010 to May 2011) and was Director of Mclntosh Securities Limited, Australian Stock Exchange Ltd and Vision Systems Ltd for varying periods prior to 1 July 2010.

Information on Directors and Company Secretary (Continued)

T Oldham (Director since October 2013)

Responsibilities	-	Non-Executive Director, member of the Audit and Risk Committee and Chair of the Human Capital and Nomination Committee (commencing July 2015)
Qualifications	-	BSc.Hons, LLB Hons, PhD
Experience	-	Tim joined the board in October 2013. He has more than a decade of life sciences business development, alliance management and sales and marketing experience in Europe, Asia and Australia. He is CEO and Managing Director of Cell Therapies Pty Ltd, a leading Asia Pacific provider of collection, manufacturing, delivery and distribution capabilities for stem cell therapies and regenerative medicine and was President of Asia Pacific for Hospira Inc. (2007 to 2012), having held a variety of senior management roles with Mayne Pharma (2002 to 2007) prior to its acquisition by Hospira. These roles encompassed the development and commercialisation of pharmaceuticals, devices, biologics and cellular therapies. Prior to this, Dr. Oldham was an engagement manager with McKinsey & Co (1997 to 2001). Tim has been chairman of the European Generic Medicines Association Biosimilars and Biotechnology Committee, a Director of the Generic Medicines Industry Association and a member of the Pharmaceutical Industry Strategy Group. He is also a Director of iSonea Ltd (ASX: ISN).

R Barrow (Director from April 2012 to February 2015)

Responsibilities	-	Non-Executive Director, Chair of the Human Capital and Nomination Committee and member of the Audit and Risk Committee
Qualifications	-	BSc.Hons, MBA
Experience	-	Ross joined the board on 1 April 2012. He has extensive experience in the life sciences sector. Ross was Chief Operating Officer and a director of Vision BioSystems Limited during the period when the company became a leader in the global histopathology market. Following acquisition by Danaher Corporation, Ross played a pivotal role overseeing the global integration of the company with Danaher's subsidiary, Leica Microsystems GmbH. Ross is currently the Chief Executive Officer and a director of Paranta Biosciences Limited.

Information on Directors and Company Secretary (Continued)

M Kotsanis (Managing Director from 1 November 2014)

Responsibilities	-	Managing Director and Chief Executive Officer
Qualifications	-	BSc.MBus,
Experience	-	Michael commenced as CEO and Managing Director of Acrux in November, 2014. He has over 25 years of experience in the pharmaceutical industry and has significant senior Ieadership experience across the global pharmaceutical markets. Michael was formerly the Chief Commercial Officer for Synthon Holding BV, a specialty pharmaceutical company based in The Netherlands, a position he held from mid-2010. Prior to Synthon, he served as President, Europe, Middle East and Africa, for Hospira, the global leader in generic injectable pharmaceuticals. Michael joined Hospira following its acquisition of Mayne Pharma in 2007, where he served as President Asia Pacific from 2002. He joined Mayne following their acquisition of Faulding Pharmaceuticals in 2001, where he held responsibility for commercial activities in Australia and New Zealand. Prior to Faulding, Michael held a variety of sales and marketing positions with Boehringer Ingelheim over an 11 year period. Michael earned a bachelor's degree in science from Monash University, and a master's degree in business from the University of Technology, Sydney.

S Papworth (Company Secretary from 29 September 2014)

Responsibilities	-	Chief Financial Officer and Company Secretary
Qualifications	-	B.Com, CA.
Experience	-	Sharon Papworth commenced with Acrux as CFO and Company Secretary in September 2014. Having previously held senior finance roles at ASX and US listed organisations, Sharon's experience spans industries including pharmaceuticals, media, fast moving consumer goods and professional services. Sharon is a Chartered Accountant who also holds a Bachelor of Commerce with majors in Accounting and Marketing.

Directors' Meetings

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each Director were as follows:

DIRECTORS	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			AUDIT & RISK		HUMAN CAPITAL & NOMINATION **	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R Dobinson	5	5	-	2*	-	-
B Parncutt	5	5	2	2	-	-
R Barrow[1]	4	4	2	2	-	-
T Oldham	5	5	2	2	-	-
M Kotsanis[2]	3	3	-	1*	-	-

1 Resigned 25 February 2015.
2 Appointed Managing Director 1 November 2014.
* Attended by invitation.
** The Human Capital and Nomination Committee met on 6 July 2015. During the year the Committee discussed the appointment of the Chief Executive Officer including setting of remuneration and performance metrics.

Directors' and Executives' Interests in Shares and Options

Directors' and Executives' relevant interests in shares of Acrux Limited and options over shares in the Company as at 30 June 2015 are detailed below:

	Total No. of Shares	Total No. of Options
Directors		
R Dobinson	1,372,593	600,000
B Parncutt	718,137	-
R Barrow	17,375	-
T Oldham	15,750	-
M Kotsanis	-	2,000,000
Executives		
N Webster	6,100	175,000
F Colagrande	1,500	140,000
Total	2,131,455	2,915,000

Directors' Interests in Contracts

Directors' interests in contracts are disclosed in Note 23 to the financial statements.

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 audit for the financial year is provided with this report.

Non-Audit Services

Non-audit services are approved by resolution of the Audit Committee and approval is provided in writing to the Board of Directors. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners (Melbourne) and network firms of Pitcher Partners are detailed below.

	2015	**2014**
	$	**$**
Amounts paid or payable to Pitcher Partners (Melbourne) for non-audit services:	12,500	Nil
Amounts paid or payable to network firms of Pitcher Partners for non-audit services:	Nil	Nil
Amounts paid or payable to non-related auditors of group entities for non-audit services:	Nil	Nil
Total auditors' remuneration for non-audit services	12,500	Nil

REMUNERATION REPORT (AUDITED)

The Directors present the consolidated entity's 2015 remuneration report which details the remuneration information for Acrux Limited's Non-Executive Chairman, Non-Executive Directors and other key management personnel.

HUMAN CAPITAL AND NOMINATION COMMITTEE

The Human Capital and Nomination Committee carries out the following functions in relation to the remuneration of senior management:

(a) recommending to the Board a policy and framework for senior employees' remuneration which should aim to set remuneration which:
   (i) is competitive, fair and designed to attract employees of high quality, experience and integrity;
   (ii) motivates senior employees to pursue the long term growth and success of the Company within the appropriate control framework; and
   (iii) establishes a clear relationship between the performance of senior management and their remuneration;

(b) reviewing and recommending to the Board the total individual remuneration package of each member of senior management (including an executive Director), including any bonuses, incentive payments, and participation (including the level of participation) in any share or share option plans in accordance with the policy and framework for senior employees' remuneration;

(c) reviewing benchmarks against which salary reviews are made;

(d) reviewing and recommending the establishment and terms of any employee share or share option plan or other incentive plan and recommending any changes to the Board;

(e) reviewing and recommending on the superannuation arrangements of the Company and its controlled entities; and

(f) ensuring that equity-based senior management remuneration is made in accordance with thresholds set in plans approved by shareholders.

REMUNERATION POLICY

The main principles of the Company's remuneration policy are:

- remuneration is set at levels intended to attract and retain good performers and to motivate and reward them to continually advance the business of the Company;
- remuneration is structured to reward employees both for superior performance and for increasing long term shareholder value; and
- rewards are linked to the achievement of business objectives as set by the Board.

REMUNERATION REPORT

REMUNERATION STRUCTURE

The remuneration of employees is structured in two parts:

- FIXED REMUNERATION, which comprises salary, superannuation and other benefits in lieu of salary; and
- VARIABLE REMUNERATION, which may comprise a short term incentive in the form of cash and a long term incentive in the form of options under the employee share option plan (ESOP). All permanent staff are eligible to participate in the short term incentive plan and the ESOP. However the level of participation varies according to the level of seniority and the ability to influence the performance of the business.

The Company aims to set the level of fixed remuneration at market levels for comparable jobs in the industry in which the Company operates, based on market sources. The Company then aims to set the short and long term incentives to provide for top performers to be remunerated at the upper end of the market, subject to the overall performance of the Company measured against the goals set by the Board.

The aim of both the short term and long term incentive plans is to drive performance to successfully implement annual business plans and to increase shareholder value. No advice from a remuneration consultant was sought during the financial year for the Company’s remuneration structure.

SHORT TERM INCENTIVE PLAN

The purpose of the short term incentive plan is to reward achievement of business objectives on a year by year basis. Each financial year the Board, in conjunction with senior management, sets the business objectives aimed to be achieved during the year to implement the Company’s business plan.

The business objectives are clearly defined outcomes in product development and commercialisation, achievement of which can be readily and objectively measured at the end of the financial year. Measurement of achievement of the business objectives does not involve comparison with factors external to the Company.

Achievement of each objective is expected to create immediate value for shareholders, or secure a material step towards value that will crystallise in a future period. Shareholder returns in the form of tax-free dividends are shown in the table below. Comparison of the achievement of objectives and shareholder returns for an individual year is not meaningful, because the value may crystallise in a future year.

REMUNERATION REPORT

Financial year	Closing share price ($)	Share price increase/(decrease) ($)	Dividend ($ per share)
2007/08	1.22		
2008/09	1.13	(0.09)	-
2009/10	1.81	0.68	-
2010/11	3.39	1.58	0.60
2011/12	4.25	0.86	-
2012/13	3.51	(0.74)	0.08
2013/14	1.01	(2.50)	0.20
2014/15	0.85	(0.16)	0.08

There are different levels of the short term incentive plan, with senior executives, other than the Chief Executive Officer, able to achieve annual incentives of up to 24% of fixed remuneration.

The key principles of the plan are:

- Payments under the short term incentive plan are at the discretion of the Board.
- The amount of at-risk remuneration payable under the short term incentive plan is dependent upon the overall level of achievement of the year's business objectives.
- The Board assesses the level of achievement of the business objectives at the end of the year.
- For staff other than senior executives, achievement of personal objectives set for the financial year may also form part of their assessment for short term incentive plan payments.

LONG TERM INCENTIVE PLANS

The purpose of the long term incentive plan is to align the interests of senior executives and other employees more closely with those of the shareholders towards long term sustained superior performance. Long term incentive plan instruments are designed to meet the requirements of ASX Listing Rules and the Company's status as a Pooled Development Fund. There are two long term incentive plans, comprising options to acquire ordinary shares.

The employee share option plan is subject to the following terms:

- The options expire three years after grant;
- The options lapse on termination of employment, other than through death or redundancy; and
- The exercise price was set at a 25% premium to the volume weighted average market price of the Company's shares 5 days prior to 31 July 2013.

The Chief Executive Officer share option plan is subject to the following terms:

- The options expire three years after grant;
- The options lapse on termination of employment, other than through death or redundancy; and
- The exercise price is set at a 25% premium to the volume weighted average market price of the Company's shares 5 days prior to grant and comprise 3 tranches.
    - Tranche 1 was granted on 3 February 2015;
    - Tranche 2 was granted on 22 July 2015; and
    - Tranche 3 eligibility will be assessed by the Board on or after 22 July 2016.

The Board evaluates the effectiveness of existing and potential long term incentive plans as the business environment changes.

REMUNERATION REPORT

REMUNERATION AND TERMINATION ENTITLEMENTS OF SENIOR MANAGEMENT

Senior executives have no fixed term of employment and either party may terminate the employment contract on periods of written notice of three months. The employment contracts contain no other entitlement to termination benefits in addition to statutory entitlements.

Names and positions held by executives of the consolidated entity in office at any time during the financial year are:

Executives	**Position**
M Kotsanis	Chief Executive Officer – Commenced 3 November 2014
S Papworth	Chief Financial Officer and Company Secretary – Commenced 29 September 2014
N Webster	Commercial Director – Commenced 1 July 2013
F Colagrande	Product Development and Technical Affairs Director – Commenced 15 February 2015
C Blower	Chief Operating Officer – Resigned 15 August 2014
T Di Pietro	Chief Financial Officer and Company Secretary – Resigned 31 October 2014

Share Options

(a) Compensation Options: Granted and vested during the year

A total of 2,000,000 share options were issued by Acrux Limited to the Chief Executive Officer, Mr. Kotsanis, on 3 February 2015, following shareholder approval at the Extraordinary General Meeting held on the same date.

(b) Shares issued on exercise of compensation options

No ordinary shares were issued to Directors or Executives on exercise of compensation options during or since the end of the financial year.

REMUNERATION REPORT

Details of the remuneration of the Executives are set out in the following table:

	Primary		**Post employment**	**Termination Benefits**	**Equity**	**TOTAL**	**Equity as % of Total**	**Bonus as % of Total**
	Salary	Bonus*	Super		Options			
2015	$	$	$	$	$	$	%	%
M Kotsanis[1]	254,150	68,668	12,522	-	760,000	1,095,340	69%	6%
S Papworth[2]	158,304	27,874	14,174	-	-	200,352	0%	14%
F Colagrande[3]	158,837	28,031	16,356	-		203,224	0%	14%
N Webster[4]	114,324	20,030	11,956	-		146,310	0%	14%
	685,615	144,603	55,008	-	760,000	1,645,226	46%	9%
2014								
J Pilcher[5]	61,033	-	4,444	-	-	65,477	0%	0%
C Blower[6]	253,112	25,736	17,775	-	107,500	404,123	27%	6%
T Di Pietro[7]	179,354	18,622	17,431	-	75,250	290,657	26%	6%
N Webster[4]	111,253	11,533	11,387	-	75,250	209,423	36%	6%
	604,752	55,891	51,037	-	258,000	969,680	27%	6%

* Bonus relates to the achievement of objectives for the financial year. The amount of bonus earned was 100% of the maximum amount payable for the 2014/15 financial year and 40% for the 2013/14 financial year.
[1] Appointed Chief Executive Officer and Managing Director 1 November 2014.
[2] Appointed Chief Financial Officer and Company Secretary 29 September 2014.
[3] Appointed Product Development and Technical Affairs Director 15 February 2015.
[4] Appointed Commercial Director 1 July 2013.
[5] Resigned as Chief Financial Officer and Company Secretary 16 August 2013.
[6] Resigned as Chief Operating Officer 15 August 2014.
[7] Resigned as Chief Financial Officer and Company Secretary 31 October 2014.

REMUNERATION OF DIRECTORS

The Human Capital and Nomination Committee considers the level of remuneration necessary to attract and retain Directors with the skills and experience required by the Company at its stage of development. The Committee makes recommendations to the Board, for approval by the shareholders, at the following Annual General Meeting.

The director and management services of the Non-Executive Chairman Ross Dobinson are provided by Espasia Pty Ltd. The contract for services can be terminated by either party by giving three months' notice in writing. For the 2014/15 financial year the contract provided for fees of $118,000 per annum in respect of director services, $200,000 per annum in respect of executive services performed 1 July 2014 to 31 October 2014 and an additional payment of up to 60% of the executive services, dependent on the achievement of objectives, set by the Board. The Board has absolute discretion over the amount of the additional payment.

For the 2014/15 financial year Non-Executive Directors' fees were $76,650 per annum, including superannuation, for each Non-Executive Director. At the 2004 Annual General Meeting shareholders set the maximum aggregate amount of Non-Executive Directors' fees at $450,000. In addition Non-Executive Directors are entitled to reimbursement of reasonable expenses incurred by them on Company business.

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

REMUNERATION REPORT

No retirement allowances are paid to Non-Executive Directors. No equity based remuneration is paid to Non-Executive Directors. Non-Executive Directors do not receive any additional remuneration for being members of Board Committees.

The remuneration of each person who held the position of Director at any time during the financial year is set out in the following table:

	Primary		**Post employment**	**Termination Benefits**	**Equity**	**TOTAL**	**Equity as % of Total**	**Bonus as % of Total**
	Fees	Bonus*	Super		Options			
2015	$	$	$	$	$	$	%	%
R Dobinson[1]	232,667	32,000	-	-	-	264,667	0%	12%
B Parncutt	70,000	-	6,650	-	-	76,650	0%	0%
R Barrow	46,667	-	4,433	-	-	51,100	0%	0%
T Oldham[2]	70,000	-	6,650	-	-	76,650	0%	0%
	419,334	32,000	17,733	-	-	469,067	0%	7%
2014								
R Dobinson[1]	318,000	48,000	-	-	98,463	464,463	21%	10%
B Parncutt	70,000	-	6,475	-	-	76,475	0%	0%
R Barrow	70,000	-	6,475	-	-	76,475	0%	0%
T Oldham[2]	52,500	-	4,856	-	-	57,356	0%	0%
	510,500	48,000	17,806	-	98,463	674,769	15%	7%

* Bonus relates to the achievement of objectives for the financial year. The amount of bonus earned was 100% of the maximum amount payable for the 2014/15 financial year and 40% for the 2013/14 financial year.

[1] Appointed Non-Executive Chairman post appointment of the Chief Executive Officer, November 2014. Previously Executive Chairman from 1 July 2012

[2] Appointed Non-Executive Director 1 October 2013.

Mr. Kotsanis was appointed Chief Executive Officer and Managing Director, November 2014. The remuneration details of Mr. Kotsanis have been disclosed in the executive remuneration table.

Number of shares held by Key Management Personnel

Directors and Executives	Balance 1/07/2014	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2015
Directors					
R Dobinson[1]	1,372,593	-	-	-	1,372,593
B Parncutt	718,137	-	-	-	718,137
R Barrow	17,375	-	-	-	17,375
T Oldham	15,750	-	-	-	15,750
Executives					
C Blower[2]	33,000	-	-	(33,000)	-
T Di Pietro[3]	10,290	-	-	(10,290)	-
N Webster[4]	6,100	-	-	-	6,100
F Colagrande[5]	1,500				1,500
Total	2,174,745	-	-	(43,290)	2,131,455

[1] Appointed Non-Executive Chairman post appointment of the Chief Executive Officer, November 2014. Previously Executive Chairman from 1 July 2012

[2] Appointed Chief Operating Officer 16 August 2013 and resigned as Chief Operating Officer 15 August 2014.

[3] Resigned as Chief Financial Officer and Company Secretary 31 October 2014.

[4] Appointed Commercial Director 1 July 2013.

[5] Appointed Product Development and Technical Affairs Director 15 February 2015.

Number of employee share options held by Key Management Personnel

Directors and Executives	Balance 1/07/2014	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2015
Directors					
R Dobinson[1]	600,000	-	-	-	600,000
B Parncutt	-	-	-	-	-
R Barrow	-	-	-	-	-
T Oldham	-	-	-	-	-
Executives					
M Kotsanis[2]	-	2,000,000	-	-	2,000,000
S Papworth[3]	-	-	-	-	-
N Webster	175,000	-	-	-	175,000
F Colagrande[4]	140,000	-	-	-	140,000
C Blower[5]	250,000	-	-	(250,000)	-
T Di Pietro[6]	175,000	-	-	(175,000)	-
Total	1,340,000	2,000,000	-	(425,000)	2,915,000

[1] Appointed Non-Executive Chairman post appointment of the Chief Executive Officer on 1 November 2014. Previously Executive Chairman from 1 July 2012.
[2] Appointed Chief Executive Officer November 2014.
[3] Resigned as Chief Financial Officer and Company Secretary 29 September 2014.
[4] Product Development and Technical Affairs Director 15 February 2015.
[5] Appointed Chief Operating Officer 16 August 2013 and resigned as Chief Operating Officer 15 August 2014.
[6] Resigned as Chief Financial Officer and Company Secretary 31 October 2014.

Voting and comments made at the company’s 2014 Annual General Meeting (AGM)

At the Company’s most recent AGM, a resolution to adopt the prior year remuneration report was put to the vote and at least 75% of ‘yes’ votes were cast for adoption of that report . No comments were made on the remuneration report that was considered at the AGM.

The company held an EGM during the year, at which a resolution to adopt the CEO Share Option Plan was put to a vote and at least 75% of ‘yes’ votes were cast for adoption of the Plan.

This is the end of the audited remuneration report.

Rounding of Amounts

The amounts contained in the report and in the financial report have been rounded to the nearest $1,000 (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.

....
R Dobinson
Non-Executive Chairman

Melbourne
Dated this 12th day of August 2015

....
B Parncutt
Director

Melbourne
Dated this 12th day of August 2015

ACRUX LIMITED AND CONTROLLED ENTITIES
ABN 72 082 001 152

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ACRUX LIMITED AND CONTROLLED ENTITIES

In relation to the independent audit for the year ended 30 June 2015, 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 any applicable code of professional conduct.

S SCHONBERG
Partner

PITCHER PARTNERS
Melbourne

Date 13 August 2015

ACRUX LIMITED AND CONTROLLED ENTITIES
ABN 72 082 001 152
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $'000	2014 $'000
Revenue	4	25,368	53,859
Employee benefits expense	5	(2,686)	(2,346)
Share options expense		(760)	(638)
External research and development expenses	5	(705)	(756)
Directors' fees		(431)	(576)
Professional fees		(716)	(324)
Royalty expense		(859)	(1,827)
Occupancy expenses		(412)	(414)
Depreciation and amortisation expenses	5	(1,425)	(1,413)
Foreign exchange loss		-	(1,239)
Other expenses		(568)	(469)
		(8,562)	(10,002)
PROFIT BEFORE INCOME TAX		16,806	43,857
Income tax expense	6	(5,676)	(15,887)
PROFIT FOR THE YEAR		11,130	27,970
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		11,130	27,970
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Members of the parent	17	11,130	27,970
Non-controlling interest	18	-	-
		11,130	27,970
Basic earnings per share (cents per share)	8	6.70	16.80
Diluted earnings per share (cents per share)	8	6.70	16.80

The accompanying notes form part of these financial statements.

ACRUX LIMITED AND CONTROLLED ENTITIES
ABN 72 082 001 152
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 $'000	2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	23,068	25,775
Receivables	10	4,943	5,604
TOTAL CURRENT ASSETS		28,011	31,379
NON-CURRENT ASSETS			
Plant and equipment	11	92	78
Intangible assets	12	20,392	21,764
TOTAL NON-CURRENT ASSETS		20,484	21,842
TOTAL ASSETS		48,495	53,221
CURRENT LIABILITIES			
Current tax payable	6	1,764	4,526
Payables	13	1,150	1,129
Short term provisions	14	288	401
TOTAL CURRENT LIABILITIES		3,202	6,056
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	4,649	5,097
Long term provisions	14	19	11
TOTAL NON-CURRENT LIABILITIES		4,668	5,108
TOTAL LIABILITIES		7,870	11,164
NET ASSETS		40,625	42,057
EQUITY			
Contributed equity	15	95,873	95,873
Reserves	17(a)	1,194	638
Accummulated Losses	17(b)	(56,442)	(54,454)
Equity attributable to the owners of Acrux Limited		40,625	42,057
Non-controlling interests	18	-	-
TOTAL EQUITY		40,625	42,057

The accompanying notes form part of these financial statements.

ACRUX LIMITED AND CONTROLLED ENTITIES
ABN 72 082 001 152
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Contributed Equity $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance as at 1 July 2013		95,873	-	(49,120)	46,753
Profit for the period		-	-	27,970	27,970
Total comprehensive income for the year		-	-	27,970	27,970
Transactions with owners in their capacity as owners:					
Contributions	15(b)	-	-	-	-
Employee Share Options Expense	17(a)	-	638	-	638
Dividends Paid	7	-	-	(33,304)	(33,304)
Total transactions with owners in their capacity as owners		-	638	(33,304)	(32,666)
Balance as at 30 June 2014		**95,873**	**638**	**(54,454)**	**42,057**
Balance as at 1 July 2014		95,873	638	(54,454)	42,057
Profit for the period		-	-	11,130	11,130
Total comprehensive income for the year		-	-	11,130	11,130
Transactions with owners in their capacity as owners:					
Contributions	15(b)	-	-	-	-
Employee Share Options Expense	17(a)	-	760	-	760
Vested Employee Share Options that lapsed during the period	17	-	(204)	204	-
Dividends Paid	7	-	-	(13,322)	(13,322)
Total transactions with owners in their capacity as owners		-	556	(13,118)	(12,562)
Balance as at 30 June 2015		**95,873**	**1,194**	**(56,442)**	**40,625**

The accompanying notes form part of these financial statements.

ACRUX LIMITED AND CONTROLLED ENTITIES
ABN 72 082 001 152
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated Entity 2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from product agreements		25,203	53,425
Payments to suppliers and employees		(6,460)	(6,737)
Interest received		639	450
Grant income received		23	21
Taxes paid		(8,886)	(10,788)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	19(a)	10,519	36,371
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(66)	(39)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(66)	(39)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issues of ordinary shares		-	-
Dividends paid		(13,322)	(33,346)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(13,322)	(33,346)
NET INCREASE/(DECREASE) IN CASH HELD		(2,869)	2,986
Foreign exchange differences on cash holdings		162	(51)
Add cash at the beginning of the year		25,775	22,840
CASH AT END OF YEAR	19(b)	23,068	25,775

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of presentation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Acrux Limited and its controlled entities as a consolidated entity. Acrux Limited is a company limited by shares, incorporated and domiciled in Australia. Acrux Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the Directors as at the date of the Directors' report.

Compliance with IFRS

The consolidated financial statements of Acrux Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The 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.

Critical accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going Concern

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

During the year ended 30 June 2015 the consolidated entity reported an operating profit after tax of $11.1 million (2014: $28.0 million) and at the reporting date total assets exceeded total liabilities by $40.6 million (2014: $42.1 million).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 the parent controls. The group controls an entity where it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to effect those returns through its power over the entity.

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. Subsidiaries are consolidated from the date on which control is established and are derecognised from the date that control ceases.

Non-controlling interests in the results of the subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

(d) Revenue

Revenue from product agreements is made up of milestone payments and revenue relating to product sales. Revenue from milestone payments is recognised upon completion of the milestone, which is the trigger point for the right to receive the revenue. Revenue relating to product sales, such as royalties and distribution fees, is recognised in the period in which the sales occur.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rate applicable to the financial assets.

Revenue from rendering of services to customers is recognised in the period in which the service was performed for the customer.

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all grant conditions will be met. Revenue from the receipt of contracted grants is recognised in the period the monies associated with the grants are expensed.

Other revenue is recognised as received or over the time period to which it relates.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less, held at call with financial institutions.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Plant and equipment

Cost and valuation
Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Depreciation
The depreciable amount of all fixed assets are calculated on a straight line basis over their estimated useful lives to the 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 useful lives for each class of assets are:

	2015	**2014**
Leasehold improvements:	5 to 20 years	Not Applicable
Plant and equipment:	2.5 to 14 years	2.5 to 14 years

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Operating Leases
Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

(h) Intangibles

The intangible assets are recognised at cost at the date of acquisition. The balances are reviewed annually and any balances representing probable future benefits that are no longer anticipated are written off.

Intellectual Property
Acquired 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. Amortisation expense is included in 'Depreciation and amortisation expenses' of the Statement of Comprehensive Income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangibles (Continued)

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 partner 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 partner.
4. Reliable measurement of expenditure attributable to the product during its development.
5. High probability of the product entering a major pharmaceutical market.

Capitalised development costs have a finite life and are amortised on a systematic basis over the period from when the product becomes available for use 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 *AASB 5 Non-current assets held for sale and discontinued operations* and the date that the asset is derecognised.

The estimated useful life and total economic benefit for each asset are reviewed at least annually. The useful life of capitalised development costs for Axiron, for which amortisation has commenced, is approximately 18 years. Amortisation expense is included in 'Depreciation and amortisation expenses' of the Statement of Comprehensive Income.

(i) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with *AASB 136 Impairment of assets*. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to dispose and its value in use.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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; and
- PDFs are not permitted to consolidate for tax purposes.

The subsidiary companies of Acrux Limited are subject to the general corporate company tax rate of 30%. At 30 June 2014 Acrux Limited's tax paying subsidiaries had utilised all accumulated tax losses. The majority of the consolidated entity's taxable income is earned by these subsidiary companies.

Income tax expense for the financial year was $5.7 million (2014: $15.9 million) representing approximately 33.8% of profit before income tax. The parent entity, Acrux Limited, received franked dividends totaling $19.0 million from subsidiary companies. The parent entity's tax rate payable on this income is 15% however the franked dividends include an imputed tax credit of 30%. The excess franking credits convert to tax losses that can be used in future periods to offset taxable income. For accounting purposes the entity has not recognised a tax asset for these carried forward tax losses as the current operating structure of the entity is unlikely to produce the quantum of future taxable income to enable Acrux Limited to utilise these carried forward losses.

(k) Provisions

Provisions are recognised when the consolidated entity 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when the obligation to pay them arises.

Bonus
The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

Share-based payments
The consolidated entity operates an employee share option plan. The fair value of the options is recognised as an expense in the Statement of Comprehensive Income in the period(s) during which the employee becomes entitled to exercise the options. The fair value of options at grant date is determined using a Binomial option pricing model, and is recognised as an employee expense over the period during which the employees become entitled to the option (the vesting period).

Termination benefits
Termination benefits are payable when employment of an employee is terminated before the normal retirement date.

The consolidated entity recognises a provision for termination benefits when entitlement to contractual benefits arises or when the entity can no longer withdraw the offer of non-contractual benefits.

(m) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial instruments

Non-derivative Financial Instruments
Financial Assets
Non-derivative financial assets consist of trade and other receivables and cash and cash equivalents. Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment. Trade receivables are carried at full amounts due less any provision for impairment. A provision for impairment is recognised when collection of the full amount is no longer probable. Amounts receivable from other debtors are carried at full amounts due. Other debtors are normally settled 30 days from month end unless there is a specific contract, which specifies an alternative date. Amounts receivable from related parties are carried at full amounts due.

Non-listed investments in controlled entities, for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial Liabilities
Non-derivative financial liabilities include trade payables, other creditors and inter-company balances.

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Trade liabilities are normally settled 30 days from month end.

Derivative Financial Instruments
The consolidated entity has used and could continue to use derivative financial instruments to hedge its risk exposures from foreign currency exchange rate movements.

Such derivatives are measured at fair value and changes in value are recognised immediately in profit or loss.

(o) Foreign currency translations and balances

Functional and presentation currency
The financial statements of each of the consolidated entity's subsidiaries are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Transactions and balances
Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year. Except for certain currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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 expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis.

(q) Rounding amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Class Order CO 98/0100 and accordingly, amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(r) Accounting standards issued but not yet effective at 30 June 2015

AASB 15 Revenue from contracts with customers

AASB 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 9 Financial Instruments

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

AASB 9 amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit or loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Chapter 6 *Hedge Accounting* supersedes the general hedge accounting requirements in AASB 139 *Financial Instruments: Recognition and Measurement*, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from AASB 139 are as follows:

- to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under AASB 139);
- changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and
- modification of the requirements for effectiveness testing (including removal of the 'brightline' effectiveness test that offset for hedging must be in the range 80-125%).

Revised disclosures about an entity's hedge accounting have also been added to AASB 7 *Financial Instruments: Disclosures*.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The available-for-sale investments held will be classified as fair value through other comprehensive income and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements in relation to these statements was nil. Hedge accounting is likely to be applied to more of the entity's transactions in future transactions – the impact on the reported

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

financial position and performance is dependent on the volume and value of future derivatives. Other impacts on the reported financial position and performance have not yet been determined.

Certain accounting estimates and assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amount of assets and liabilities, discussed below:

(a) Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and that it will comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductable temporary differences as management considers that it is probable that future tax profits will be available to utilise those temporary differences.

b) Impairment Testing

The Company uses discounted cash flow models to determine that the parent entity's investments in and loans to its subsidiaries, and the capitalised development costs in the consolidated entity, are not being carried at a value that is materially in excess of recoverable value. The models value each product or potential product by estimating future cash flows and discounting the future net cash flows for the probability of successful commercialisation, as well as for the time value of money using a discount rate of 12%. Revenue from a product is estimated using current market data and projections of market growth and potential market share.

(c) Employee Benefits

Calculation of long term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of the benefits. These estimates are based on historical trends.

(d) Share based payments

The group operates an employee share option plan. The bonus element over the exercise price for the grant of options is recognised as an expense in the Statement of Comprehensive Income in the period(s) when the benefit is earned. The value of the bonus element is calculated using a Binomial option pricing model. This model requires the input of a number of variables including an estimate of future volatility and a risk free interest rate. Volatility is estimated based on the historical movements in the Company's share price since listing on the Australian Stock Exchange. The risk free interest rate is the Reserve Bank of Australia's cash rate at the options grant date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 3: FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The consolidated entity is exposed to a variety of financial risks comprising:
(a) Interest rate risk
(b) Currency risk
(c) Credit risk
(d) Liquidity risk
(e) Fair Values

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at 30 June 2015 are shown in the table on the following page. Cash is the only financial asset or liability that is exposed to interest rate risk. A change in the average effective interest rate of 1% would change the net profit and equity of the consolidated entity by approximately $0.2 million (2014: $0.2 million).

At 30 June 2015, the consolidated entity had financial instruments with carrying amounts as shown in the following table:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Non interest bearing		Total carrying amount as per the Balance Sheet		Weighted average effective interest rate*	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%	%
(i) Financial assets										
Cash	19,067	2,774	4,000	23,000	1	1	23,068	25,775	2.9	2.2
Receivables	-	-	-	-	4,943	5,604	4,943	5,604		
Total financial assets	19,067	2,774	4,000	23,000	4,944	5,605	28,011	31,379		
(ii) Financial liabilities										
Trade creditors	-	-	-	-	106	217	106	217		
Sundry creditors and accruals	-	-	-	-	1,044	912	1,044	912		
Total financial liabilities	-	-	-	-	1,150	1,129	1,150	1,129		

* The weighted average interest rate is calculated by dividing interest income for year over the average cash balance held

NOTE 3: FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The consolidated entity is exposed to material currency risks due to revenue denominated in US dollars. Currency risk management strategies are regularly reviewed.

Bank accounts denominated in US dollars are maintained in order to facilitate receipts and payments. Cash reserves at 30 June 2015 included $0.2 million (2014: $0.2 million) denominated in US dollars. A change of 10% in the AUD/USD exchange rate at 30 June 2015 would have immaterial impact on the net profit and equity of the consolidated entity.

The balance of receivables at 30 June 2015 includes the right to receive US$3.6 million (2014: US$5.2 million) of Axiron royalties for the fourth quarter of the 2014/15 financial year. A change of 10% in the AUD/USD exchange rate at 30 June 2015 would change the consolidated net profit and equity by approximately $0.4 million (2014: $0.6 million).

During the reporting period, exchange rate risk was managed by eliminating US dollar revenue in excess of US dollar expenditure through spot and short-term forward sales of US dollars. The consolidated entity does not enter into forward exchange contracts. At balance date, there were nil (2014: nil) forward exchange contracts.

The accounting policy for forward exchange contracts is detailed in Note 1(n).

In future periods, material amounts of revenue are expected to be received in US dollars as royalties and potential sales milestone payments under the Axiron agreement are payable in US dollars.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk of recognised financial assets at balance date, excluding the value of any collateral or other security, is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

Cash reserves form the majority of the consolidated entity's financial assets at 30 June 2015. Acrux Limited is a Pooled Development Fund. The Pooled Development Fund Act restricts the investment of cash reserves to deposits with an Australian bank licensed to take deposits. This policy is also followed for all cash held by the other companies within the consolidated entity.

NOTE 3: FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

At 30 June 2015 the consolidated entity had a material credit risk exposure to Eli Lilly and Company and its subsidiaries. The receivables recorded on the consolidated entity's balance sheet contains an amount of AUD$4.7 million due from Eli Lilly under the license agreement for the commercialisation of Axiron. During future reporting periods, the consolidated entity is expected to continue to have a material credit exposure to Eli Lilly and Company and its subsidiaries, due to the royalties and milestone payments expected. At 30 June 2015, Eli Lilly's credit ratings were AA- (S&P) and A2 (Moodys). The credit rating and financial health of Eli Lilly are monitored regularly. The grant of the license under the license agreement is subject to payment by Eli Lilly of the amounts in accordance with the agreement.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The financial liabilities of the consolidated entity at the balance date are all expected to mature within three months of the balance date. The consolidated entity has sufficient cash reserves, $23.1 million (2014: $25.7 million) to settle these liabilities and to fund operating expenditure for the foreseeable future. The consolidated entity does not have an overdraft or loan facility. The maturity profile of the consolidated entity's cash term deposits is actively managed and compared with forecast liabilities to ensure that sufficient cash is available to settle liabilities as they fall due.

(e) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

Financial asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data

Forward exchange contracts are level 2 on the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 4: REVENUE

	2015 $'000	2014 $'000
Revenues from operating activities		
Revenue from product agreements	24,616	53,368
Grant revenue	23	21
Total revenues from operating activities	24,639	53,389
Other revenues		
Interest	564	470
Foreign exchange gain	165	-
Total revenues from non-operating activities	729	470
Total revenues from continuing operations	25,368	53,859

NOTE 5: PROFIT FROM CONTINUING OPERATIONS

	Notes	2015 $'000	2014 $'000
Profit from continuing operations before income tax has been determined after the following specific expenses:			
Employee benefits expense			
Wages and salaries		2,329	2,050
Workers' compensation costs		8	6
Superannuation costs		181	172
Payroll taxes		109	92
Training expenses		59	26
Total employee benefits expense		2,686	2,346
Depreciation of non-current assets			
Plant and equipment		52	40
Total depreciation of non-current assets		52	40
Amortisation of non-current assets			
Intellectual property		95	95
Research and development		1,278	1,278
Total amortisation of non-current assets		1,373	1,373
Total depreciation and amortisation expenses		1,425	1,413
Rental expense on operating leases		294	282
External research and development expenses		705	756

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 6: INCOME TAX

	2015 $'000	2014 $'000
(a) Income tax recognised in profit or loss:		
Current tax	5,949	13,749
Deferred tax	(448)	2,237
(Over)/under provision in prior years	175	(99)
Income tax expense/(credit) attributable to profit	5,676	15,887

(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:

	2015 $'000	2014 $'000
Profit before tax from continuing operations	16,806	43,857
Prima facie income tax payable on profit before income tax at 30.0% (2014: 30.0%)	5,042	13,157
Add/(subtract) tax effect:		
Parent entity 15% tax rate[1]	208	233
Parent entity tax on unfranked dividend income	-	2,925
Parent entity net adjustment on franked dividend income	(2,092)	(3,000)
Non deductible expenses	270	128
Research and development tax incentive	(59)	(52)
Foreign tax credits written off	-	(10)
Over provision in prior years	175	(22)
Tax losses and temporary differences not brought to account	2,132	2,518
	634	2,720
Income tax expense attributable to profit	5,676	15,877

	2015 $'000	2014 $'000
(c) Current tax		
Opening balance	4,526	1,675
(Over)/under provision in prior years	175	(110)
Provision for current year	5,949	13,870
Tax losses transferred from deferred tax	0	(121)
Tax payments	(8,886)	(10,788)
Current tax liability	1,764	4,526

(d) Deferred tax assets not brought to account

[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
- PDFs are not permitted to consolidate for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 6: INCOME TAX (Continued)

	2015 $'000	2014 $'000
(d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
The balance comprises:		
Accruals and provisions	90	145
Leasehold improvements	183	195
Patent expenses	799	711
Exchange differences	-	15
Share issue expenses	-	1
Tax losses	92	-
	1,164	1,067
Deferred tax liabilities		
The balance comprises:		
Exchange differences	35	-
Intangible assets	5,749	6,133
Accrued interest	8	31
Prepayments	21	-
	5,813	6,164
Net deferred tax assets/(liabilities)	(4,649)	(5,097)
(e) Deferred tax assets not brought to account		
Temporary differences	2	10
Tax losses	10,443	8,311
	10,445	8,321

NOTE 7: DIVIDENDS

	2015 $'000	2014 $'000
(a) Dividends paid		
Dividends paid at 8 cents per share, franked (2014: 20 cents per share, unfranked)	13,322	33,304
Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years:	42,188	33,337

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 8: EARNINGS PER SHARE

	2015 $'000	2014 $'000
Profit from continuing operations	11,130	27,970
Profit used in calculating basic and diluted earnings per share	11,130	27,970
	No. of shares	**No. of shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	166,521,711	166,521,711
Effect of dilutive securities:		
Employee Share Options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	166,521,711	166,521,711
Basic earnings per share (cents)	6.70	16.80
Diluted earnings per share (cents)	6.70	16.80

NOTE 9: CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
Cash at bank	19,068	2,775
Deposits at call	4,000	23,000
	23,068	25,775

NOTE 10: RECEIVABLES

	2015 $'000	2014 $'000
CURRENT		
Trade receivables	4,760	5,347
Other receivables	66	141
Prepayments	117	116
	4,943	5,604

(a) Provision for impairment

No trade receivables are past due and all trade receivables are non interest bearing with 30 or 60 day terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment losses have been recognised for reported periods. All trade receivables are expected to be received within trading terms.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 11: PLANT AND EQUIPMENT

	Notes	2015 $'000	2014 $'000
Leasehold Improvements			
At cost		1,119	1,115
Accumulated amortisation		(1,115)	(1,115)
Total leasehold improvements	11(a)	4	-
Plant and Equipment			
At cost		213	166
Accumulated depreciation		(125)	(88)
Total plant and equipment	11(a)	88	78
Total plant and equipment		92	78

(a) Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year:

		2015 $'000	2014 $'000
Leasehold improvements			
Carrying amount at beginning		-	-
Additions		4	-
Amortisation expense		-	-
		4	-
Plant and equipment			
Carrying amount at beginning		78	93
Additions		62	25
Disposals		-	-
Depreciation expense		(52)	(40)
		88	78

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 12: INTANGIBLE ASSETS

	Notes	2015 $'000	2014 $'000
Intellectual Property			
At cost		1,200	1,200
Accumulated amortisation		(1,044)	(949)
	12(a)	156	251
Capitalised Development			
Ellavie™			
External research and development expenses		766	766
Employee benefits capitalised		169	169
Other capitalised amounts		136	136
	12(a)	1,071	1,071
Axiron™			
External research and development expenses		17,415	17,415
Employee benefits capitalised		3,353	3,353
Other capitalised amounts		2,403	2,403
Accumulated amortisation		(4,006)	(2,729)
	12(a)	19,165	20,442
Net carrying amount		20,236	21,513
Total intangible assets		20,392	21,764

(a) Reconciliations

Reconciliations of the carrying amounts of intellectual property and capitalised development at the beginning and end of the current financial year.

	2015	2014
Intellectual Property		
Carrying amount at beginning	251	346
Amortisation expense	(95)	(95)
	156	251
Capitalised Development		
Ellavie™		
Carrying amount at beginning	1,071	1,071
Additions	-	-
	1,071	1,071
Axiron™		
Carrying amount at beginning	20,442	21,720
Additions	-	-
Amortisation	(1,277)	(1,278)
	19,165	20,442

The remaining useful life of Axiron Capitalised Development is approximately 15 years.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 13: PAYABLES

	2015 $'000	2014 $'000
CURRENT		
Trade creditors	106	217
Sundry creditors and accruals	1,044	912
	1,150	1,129

NOTE 14: PROVISIONS

	2015 $'000	2014 $'000
CURRENT		
Employee entitlements	288	401
NON-CURRENT		
Employee entitlements	19	11
Aggregate employee entitlements liability	307	412

NOTE 15: CONTRIBUTED EQUITY

	2015		2014	
(a) Issued and paid up capital	**No. of Shares**	**$'000**	**No. of Shares**	**$'000**
Ordinary shares fully paid	166,521,711	95,873	166,521,711	95,873

(b) Movements in shares on issue				
Beginning of the financial year	166,521,711	95,873	166,521,711	95,873
Issued during the year:				
- Employee share option plans	-	-	-	-
Less Capital Raising Expenses	-	-	-	-
Fair value of shares issued on exercise of employee share options	-	-	-	-
Contributions from share issues	-	-	-	-
At reporting date	166,521,711	95,873	166,521,711	95,873

(c) Share Options

Employee Share Option Plan

The consolidated entity operates an employee share option plan. During the financial year no options were exercised (2014 Nil), 2,000,000 new options were issued under the plan during the financial year (2014: 1,855,000). Options hold no participation rights, but shares issued on exercise of options rank equally with existing shares. At 30 June 2015 2,915,000 options were held by key management personnel (2014: 1,340,000).

NOTE 15: CONTRIBUTED EQUITY (Continued)

The closing market value of an ordinary Acrux Limited share on the Australian Stock Exchange at 30 June 2015 was $0.85.

	2015 No.	2014 No.
(i) Movement in the number of share options held under Employee Share Option Plan are as follows:		
Opening balance	1,855,000	-
Granted during the year	2,000,000	1,855,000
Exercised during the year	0	-
Lapsed during the year	(475,000)	-
Closing balance	3,380,000	1,855,000
	$'000	**$'000**
(ii) Details of share options exercised during the year:		
Proceeds from shares issued	-	-
Fair value as at issue date of shares issued during the year	-	-

(iii) Details of lapsed options

	2015 No.	2014 No.
Key Management Personnel	425,000	-
Employee	50,000	-
Lapsed during the year	475,000	0

(d) Capital Management

When managing capital, the Directors' objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

During 2015, the Board paid dividends of $13.3 million (2014: $33.3 million). The amounts and ratio of future dividends have not been determined.

NOTE 16: SHARE BASED PAYMENTS

(a) Employee share option plan

Details of the options granted are provided below:

2014

Grant date	Expiry date	Exercise price	Balance at the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year	Exercisable at the end of the year
31/07/2013	31/07/2016	$4.30	1,255,000	-	-	(475,000)	780,000	780,000
21/11/2013	31/07/2016	$4.30	600,000	-	-	-	600,000	600,000
3/02/2015	3/02/2018	$1.32	-	2,000,000	-	-	2,000,000	2,000,000
				2,000,000	-	(475,000)	3,380,000	3,380,000

The weighted average remaining contractual life for share options outstanding at the end of the period was 1.98 years.

The fair value of the options granted on 3 February 2015 was 38 cents per option at the date of grant. Fair value was determined using the binomial option pricing model. The following inputs were utilised:
Exercise price: $1.32
Grant date: 3 February 2015
Expiry date: 3 February 2018
Share price at grant date: $1.45
Expected price volatility of the company’s shares: 57%
Expected dividend yield: 8.99%

The fair value of the options granted on 31 July 2013 was 43 cents per option. Fair value was determined using the binomial option pricing model. The following inputs were utilised:
Exercise price: $4.30
Grant date: 31 July 2013
Expiry date: 31 July 2016
Share price at grant date: $3.35
Expected price volatility of the company’s shares: 38%
Expected dividend yield: 5%
Risk-free interest rate: 2.52%

NOTE 16: SHARE BASED PAYMENTS (Continued)

The fair value of the options granted on 21 November 2013 was 16 cents per option. Fair value was determined using the binomial option pricing model. The following inputs were utilised:
Exercise price: $4.30
Grant date: 21 November 2013
Expiry date: 31 July 2016
Share price at grant date: $2.56
Expected price volatility of the company's shares: 37%
Expected dividend yield: 5.0%
Risk-free interest rate: 3.08%

(b) Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions was recorded within share options expense in the statement of comprehensive income were as follows:

	2015 $'000	2014 $'000
Options issued under the employee share option plan	760	638
Total expenses recognised from share based payment	760	638

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 17: RESERVES AND ACCUMULATED LOSSES

	Notes	2015 $'000	2014 $'000
Share based payment reserve	17(a)	1,194	638
Accumulated losses	17(b)	(56,442)	(54,454)

(a) Share based payment reserve

(i) Nature and purpose of reserve

This reserve is used to record the value of equity benefit provided to employees and directors as part of their remuneration. Refer note 15 for details.

(ii) Movement in reserve

Balance at the beginning of year	638	-
Transfer fair value of employee shares options to share capital	-	-
Employee share option expense for the period (including adjustment for service conditions not met)	760	638
Vested employee share options previously expensed, that lapsed during the period	(204)	-
Balance at end of year	1,194	638

(b) Accumulated losses

Balance at the beginning of year	(54,454)	(49,120)
Vested employee share options that lapsed during the period	204	-
Net profit attributable to members of Acrux Limited	11,130	27,970
Accumulated losses at reporting date	(43,120)	(21,150)
Dividends paid	(13,322)	(33,304)
Accumulated losses at reporting date	(56,442)	(54,454)

NOTE 18: NON-CONTROLLING INTERESTS

The consolidated entity holds nil (2014: nil) Non-controlling interests at balance date.

NOTE 19: CASH FLOW INFORMATION

	2015 $'000	2014 $'000
(a) Reconciliation of the cash flow from operations with profit after income tax:		
Profit from ordinary activities after income tax	11,130	27,970
Non-Cash Items		
Depreciation and amortisation	1,425	1,413
Share options expense	760	638
Unrealised foreign exchange gains	(163)	107
Changes in assets and liabilities		
Increase/(decrease) in tax liabilities	(2,762)	2,851
Decrease/(increase) in trade and other receivables	661	1,221
Increase/(decrease) in payables	21	(127)
Increase/(decrease) in employee entitlements	(105)	61
Increase/(decrease) in deferred taxes	(448)	2,237
	(611)	8,401
Net cash (outflows)/inflows from operating	10,519	36,371

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

	2015 $'000	2014 $'000
– Cash at bank	19,068	2,775
– At call deposits with financial institutions	4,000	23,000
Closing cash balance	23,068	25,775

(c) Credit stand-by arrangement and loan facilities

The consolidated entity has credit card facilities with the National Australia Bank and American Express available to the extent of $161,000 (2014: $101,000). As at 30 June 2015 the consolidated entity had unused facilities of $147,599 (2014: $93,153).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 20: COMMITMENTS

	2015 $'000	2014 $'000
Lease expenditure commitments		
Operating leases (non-cancellable)		
(i) Non cancellable operating leases contracted for but not capitalised in the accounts:		
(ii) Minimum lease payments		
– Not later than one year	302	294
– Later than one year and not later than five years	606	908
– Aggregate lease expenditure contracted for at reporting date	908	1,202

The operating lease relates to office, laboratory and warehouse facilities for which the lease was renewed by Acrux DDS Pty Ltd for a period of 4 years from 1 June 2014, with an option to extend for a further period of 4 years. The lease contract contains market review clauses in the event that Acrux DDS Pty Ltd exercises its option to renew. The company does not have an option to purchase the leased asset at the expiry of the lease period.

NOTE 21: KEY MANAGEMENT PERSONNEL COMPENSATION

Details of Key Management Personnel Compensation are contained within the Remuneration Report section of the Director's Report. A breakdown of the aggregate components of Key Management Personnel's compensation is provided below:

Compensation by category:	2015 $'000	2014 $'000
Short-term employment benefits	1,282	1,219
Post-employment benefits	73	69
Termination benefits	-	-
Equity	760	356
	2,115	1,644

NOTE 22: LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans made to Key Management Personnel during the reporting period.

NOTE 23: RELATED PARTY DISCLOSURES

Wholly-owned group transactions
Loans
Loans were made by Acrux Limited to its subsidiaries under normal terms and conditions. The aggregate amounts receivable from controlled entities by the parent entity at the end of the reporting period were nil (2014: nil).

Non-interesting bearing loans were made by Acrux Commercial Pty Ltd to its subsidiary, Fempharm Pty Ltd. The aggregate amount receivable from Fempharm Pty Ltd at the end of the reporting period was $4,895,370 (2014: $4,486,184).

Other transactions with Key Management Personnel and their personally-related entities
Acrux DDS Pty Ltd, a wholly owned subsidiary of Acrux Limited, entered into two research and commercialisation collaboration agreements with Hexima Limited on 8 October 2013. Ross Dobinson was previously the Executive Chairman of Hexima Limited. During the reporting period Acrux DDS Pty Ltd received nil (2014: $5,260.37) from Hexima for the reimbursement of expenses directly related to the collaboration agreements. At the end of the reporting period there were no amounts outstanding to be paid to or received from Hexima.

Any payments made to Key Management Personnel during the financial year, other than remuneration entitlements, related to the reimbursement of business expenses incurred on behalf of Acrux Limited and its subsidiaries.

NOTE 24: AUDITOR’S REMUNERATION

	2015 $'000	2014 $'000
Amounts paid and payable to Pitcher Partners for:		
(i) Audit and other assurance services		
– An audit or review of the financial report of the entity and any other entity in the consolidated entity	106	92
– Other assurance services	13	-
	119	92

NOTE 25: 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:

	2015 $'000	2014 $'000
Product/Service		
Axiron	24,255	52,528
Other revenue	1,113	1,331
Total revenue	25,368	53,859
Country of Origin		
Australia	752	491
Outside Australia:		
Switzerland	24,255	52,528
United States	144	169
Other	217	671
	25,368	53,859

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 26: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Acrux Limited, financial statements:

	Parent Entity	
	2015	**2014**
	$'000	**$'000**
(a) Summarised statement of financial position		
Assets		
Current assets	6,204	523
Non-current assets	19,000	19,000
Total assets	25,204	19,523
Liabilities		
Current liabilities	924	296
Non-current liabilities	-	-
Total liabilities	924	296
Net assets	24,280	19,227
Equity		
Share capital	95,873	95,873
Profit reserve	4,293	-
Accumulated losses	(77,080)	(77,284)
Share based payments reserve	1,194	638
Total equity	24,280	19,227
(b) Summarised statement of comprehensive income		
Profit for the year	17,615	29,530
Other comprehensive income for the year	-	-
Total comprehensive income for the year	17,615	29,530

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

NOTE 27: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2015	2014
Parent Entity:			
Acrux Limited	Australia		
Subsidiaries of Acrux Limited			
Acrux DDS Pty Ltd	Australia	100%	100%
Acrux Pharma Pty Ltd	Australia	100%	100%
Acrux Commercial Pty Ltd	Australia	100%	100%
Subsidiaries of Acrux Commercial Pty Ltd			
Fempharm Pty Ltd	Australia	100%	100%

NOTE 28: CONTINGENCIES

There were no contingencies at 30 June 2015 (2014: Nil).

NOTE 29: SUBSEQUENT EVENTS

The Board resolved to issue 1,000,000 Options to the Chief Executive Officer, Mr. Kotsanis on 22 July 2015 at an exercise price of $1.11 per share. The Options comprise the long term incentive component of the remuneration package for the Chief Executive Officer and were issued pursuant to the terms of the Chief Executive Officer Share Option Plan, which was approved at the Acrux Limited Extraordinary General Meeting on 3 February 2015. Shares allocated on exercise of the Options will rank equally from the date of exercise.

There has been no other matter or circumstance, which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2015, of the consolidated entity, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2015, of the consolidated entity.

NOTE 30: COMPANY DETAILS

The registered office of the company is:

Acrux Limited
103 – 113 Stanley Street
West Melbourne VIC 3003

DIRECTORS DECLARATION

The Directors declare that the financial statements and notes set out on pages 20 to 53 in accordance with the *Corporations Act 2001*:

(a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance for the 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 has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

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

R Dobinson
Non-Executive Chairman

Melbourne
Dated this 12th day of August 2015

B Parncutt
Director

Melbourne
Dated this 12th day of August 2015

ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACRUX LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Acrux Limited and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of 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* and for 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that 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 that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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.

PITCHER PARTNERS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACRUX LIMITED

Independence

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

Opinion

In our opinion:

(a) the financial report of Acrux 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 2015 and of its performance and its cash flows for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 30 June 2015. 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.

S SCHONBERG
Partner

13 August 2015

PITCHER PARTNERS
Melbourne