FORWARD PROGRESS

Annual Report 2020

ACRUX

Contents

Risk and uncertainty

Forward-looking statements are subject to risks and uncertainties and have been made throughout this report. Such statements involve known and unknown risk and important factors that may cause the actual results, performance or achievements of Acrux to be materially different from statements made in this report.

Who we are

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

Mission

Acrux is a pharmaceutical company dedicated to developing and commercialising generic topical prescription pharmaceuticals.

Market and business opportunities

Generic Portfolio

Created a diversified portfolio of marketed products to generate its future income streams.

Generic product pipeline has attractive projected internal rates of return, with a collectively lower risk profile and faster pathway to approval than specialty products:

I. AUD$3–4m to develop each generic

II. Efficacy of drug has already been demonstrated

III. Attractive market and licensee terms

IV. Future revenue derived from milestones and royalties or profit share licensing contracts

	Total Market	Oral Drugs	Acrux Focus: Topical Drugs
Definition of the market (all drugs including NCEs and generics)	Total US prescription pharma market	Drugs that are ingested orally	**Drugs that are applied topically (including directly to the skin, eyes, ears and nose)**
Market size[1]	>US$510bn	~US$200bn	**~US$18bn[2]**
Generic market share	~90%[3]	~90%[3]	**47%[4]**
Typical generic development complexity	Variable	Low	**Greater complexity than oral generic drug development**
Generic competition	Variable	Competition from many drug manufacturers	**Limited generic competition given niche market and development complexity**

Source:

1. US market by dosage form, IQVIA Q1, 2020 MAT, US market sales (US$)
2. Market size for topically applied drugs IQVIA Q1, 2020 MAT, US market sales (US$)
3. IQVIA Global Generic and Biosimilars Trends and Insights – 2018
4. IQVIA, National Sales Perspectives, January 2019 – Unbranded generic share of dermatology, MAT

Acrux generic pipeline addressable market value[1]

- Focus on topical sector of the pharmaceutical market in the United States.
- Addressable annual market for the 13 generic products in our pipeline is collectively US$1.3 billion.

Acrux is targeting a large addressable market

Addressable market of US$1.3 billion based on 13 products currently in the Acrux topical generic pipeline.

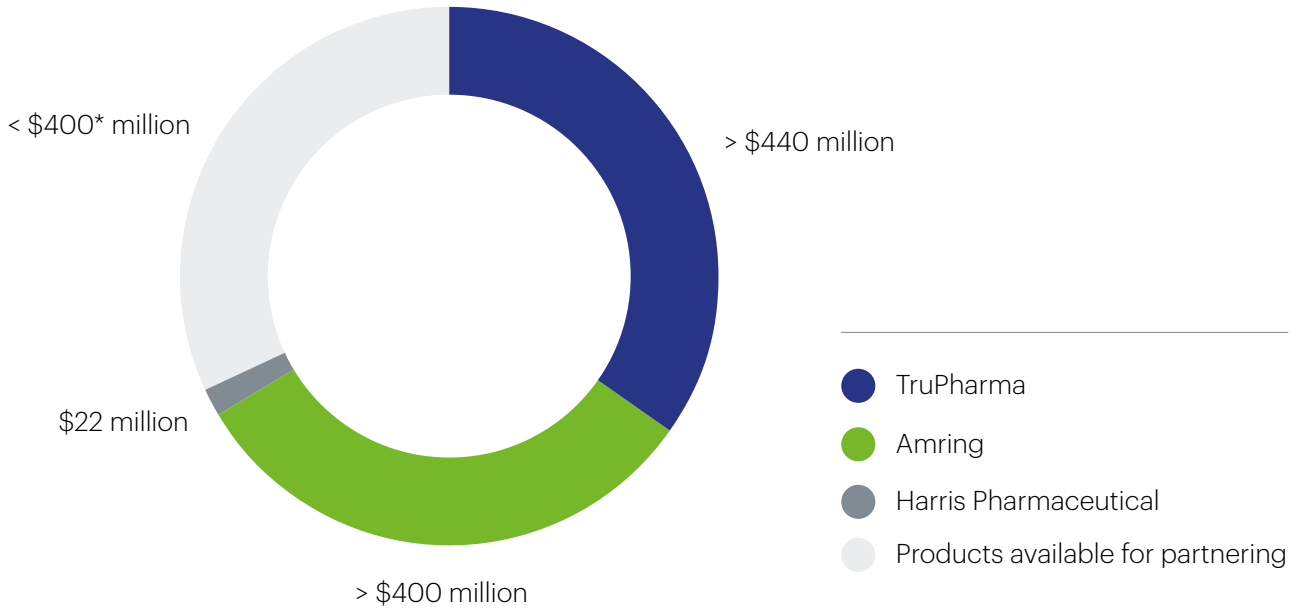
Fewer generic competitors on the market creates favourable economics for Acrux

For markets with lower levels of competition, Acrux expects its commercial partners to capture a relatively higher market share.

Product portfolio and pipeline

Over US$860 million of addressable market value licensed to TruPharma, Amring Pharmaceuticals and Harris Pharmaceutical in 2020. Profit share payable to Acrux following product launches with milestones on selected products pre and post commercialisation.

Acrux pipeline | US$1.3 billion in addressable market sales



* Rounding of products licensed results in total of non-partnered products being overstated.

1. Market size for topically applied drugs IQVIA Q1, 2020 MAT, US market sales (US$)

Financial outcomes

During FY20 Acrux received its first revenue from its recently licensed generic products. Cash reserves remain solid at $9.2 million and will provide the platform to support the continued development of the Acrux generics pipeline in 2021.

Cash Reserves

$9.2m

cash reserves down $9.0 million compared to prior year.

Revenue

$3.9m

including revenue from existing commercialised products in Europe and in the United States which grew in excess of 48% year on year.

Operating loss

$9.3m

operating loss before tax up $1.0 million on prior year comparison.

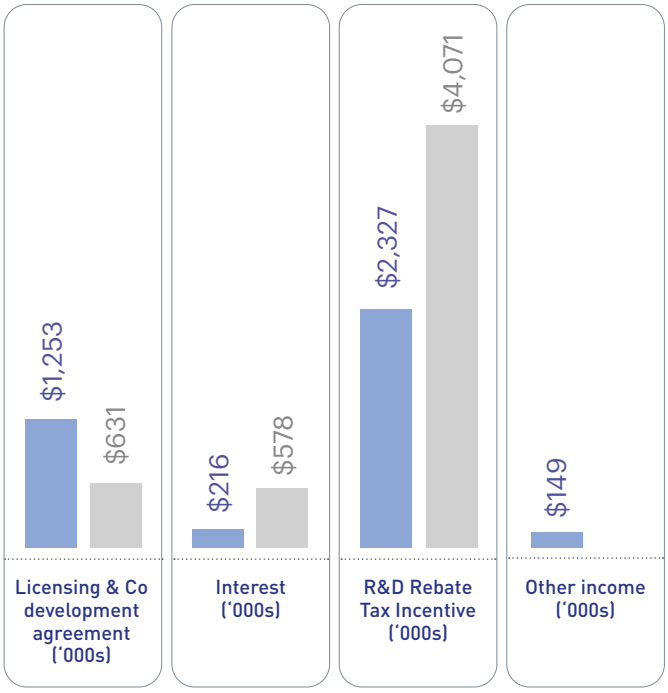
R&D Investments

$10.6m[1]

in line with the prior year expenditure.

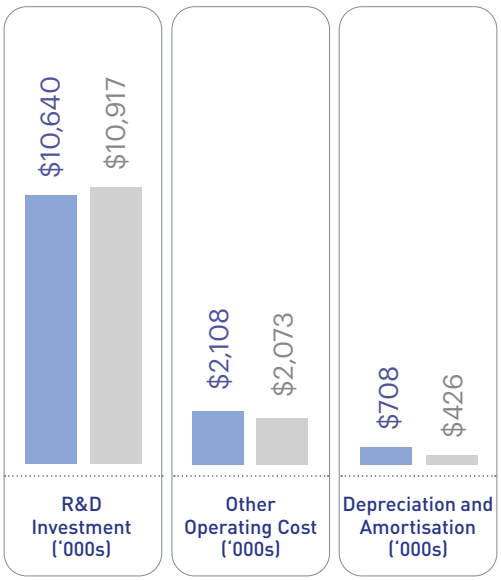
Revenue 2020

- Estradiol revenue was $0.937 million (2019: $0.581 million) which represents growth in excess of 48% year on year and interest on cash deposits was $0.216 million (2019: $0.579 million).
- Co-development revenue of $0.362 million (2019: $nil) was received from Amring Pharmaceuticals to reimburse development expenses incurred by Acrux.
- The Group accrued $2.327 million (2019: $4.072 million) in relation to the R&D Tax Incentive Rebate from the Australian Taxation Office for the 2019/2020 financial year.



Other financial outcomes

- R&D investment was to $10.6 million as the Group continued to make solid progress with its generic development portfolio.
- External R&D costs for the year decreased marginally to $5.012 million (2019: $5.123 million) while depreciation and amortisation expense increased to $0.708 million (2019: $0.426 million) after the Company adopted the accounting protocols required under IFRS16 Leases.



1. This differs from the classification of research and development costs pursuant to AASB138 which only comprises direct costs.

Business achievements

Acrux is advancing its strategy of executing the commercialisation of its pipeline. Importantly, Acrux has recently licensed a number of its products to generic companies in the United States for commercialisation following FDA approval

2020 milestones

- Acrux signed an exclusive sales, marketing and distribution agreement with TruPharma LLC for 6 existing products from the Acrux pipeline.
- Acrux signed an exclusive co-development and commercialisation agreement with Amring Pharmaceuticals Inc.
- Acrux signed an exclusive sales, marketing and distribution agreement with Harris Pharmaceutical Inc for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%).
- Acrux received confirmation that the submitted ANDA to the FDA for a generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%) had been accepted for review.
- Acrux continued to make solid progress with its generic development portfolio.
- Estradiol spray continued to be launched progressively in additional countries within the European Union and in countries outside Europe by our licensee (Gedeon Richter).
- Acrux was audited by the Australian Therapeutic Goods Administration ('TGA') Good Manufacturing Practice audit with no critical or major deficiencies noted by the TGA.
- Acrux received R&D Tax Incentive Rebates of $2.015 million from the Australian Taxation Office.
- Initial revenue from licensees of new products in our generic pipeline was received in the June quarter FY20.

Future milestones

- An additional 3 ANDA dossiers to be accepted for review by the FDA during financial year 2021.
- Additional revenue from generic pipeline expected during financial year 2021.
- Commercial launch of generic products will follow FDA Final Approval.
- Additional licensing deals executed in FY21.

Chairman's Address

As foreshadowed at last year's Annual General Meeting, Acrux's key focus has been on transforming the Company to have a diversified portfolio of commercially valuable products. The commercial negotiations referenced in our last Annual Report and at the Annual General Meeting have been converted into licenses for eight of the products in our current development pipeline. The commercial profile of the Company has improved as a result of announcing these licenses and further announcements are expected to follow as we develop a diversified licensee network to spread commercial risk and maintain competitive tension in licensing discussions. We are extremely pleased with both the commercial profiles and the experience bases of our licensees and commercial partners.

Our primary development focus over the last half of the year has been on accelerating the development progress of the products to be licensed to facilitate negotiations of the commercial terms of the Licenses. The announcement of the Licenses in turn has acted as a catalyst for further commercial discussions, which has provided scope for the expansion of the Company's development pipeline. Lenzetto® is a relevant commercial case study for the growth of a generic product developed by Acrux and we are looking forward to fostering the growth of the range of products under development.

With three of the products in our development pipeline accepted for review by the FDA and a range of agreements entered into with Contract Manufacturing and Contract Research Organisations ('CMOs' and 'CROs' respectively), Acrux has made significant progress in establishing an efficient, standardised process within the Company for candidate drug development.

The current pandemic has provided logistical challenges, but the overall impact on Acrux's operations has been manageable and we expect this to continue to be the case in the medium term.

As shareholders in the Company, the Board and Management are excited with the achievements over the past twelve months and we are looking forward to consolidating our position with both our product pipeline and Licenses in the next twelve months.

Thank you for your continued support of Acrux.

Ross Dobinson
Chairman

CEO & Managing Director's Report

Our key focus is on the continuing transformation of Acrux into a company with a diversified on-market portfolio and a broad pipeline of commercially valued products.

Acrux continued its transformation during the year with significant progress as demonstrated by its first commercial licensing contracts for its existing pipeline of generic product candidates. In the last 12 months Acrux executed licensing contracts for 8 products within its pipeline of generic topical products. Significantly, around two thirds of the addressable market value of the Acrux pipeline has now been licensed to commercial partners and we expect further licensing deals to be announced over the coming months.

More specifically, TruPharma licensed 6 products from the Acrux pipeline with an addressable market value that exceeded USD$446 million in the 12 months to the end March 31, 2020, based on IQVIA data. TruPharma is a private company focused on sales, marketing, and distribution of high-quality prescription pharmaceutical products in the US market. TruPharma partners with skilled developers and reliable manufactures to bring niche and limited supply products to its customers. TruPharma is owned and operated by seasoned executives with extensive experience overcoming legal and regulatory hurdles to FDA approvals, and selling products to all classes of trade. TruPharma's independence and experience has made it a front-end partner of choice for companies targeting the US pharmaceutical market.

Arming Pharmaceuticals Inc. also licensed a product from the Acrux pipeline in a co-development contract that will see Acrux and Amring share both the development costs and the commercialisation profits. The addressable market value of the product exceeded US$400 million in the 12 months to the end March 31, 2020, based on IQVIA data. Amring is a privately held generic pharmaceutical company active in global markets geared towards supplying unique and specialised products and is partnered with well-established global biopharmaceutical companies. Amring is uniquely positioned to leverage its partners' expertise in bringing biotechnology derived medicines, as well as patient-friendly drug delivery systems, sterile manufacturing and other state-of-the-art technologies to the marketplace.

Harris Pharmaceutical Inc. licensed Acrux's generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%) in August 2020. On 19 August 2019, Acrux announced that the FDA had accepted Acrux's ANDA for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%) for review. Sales generated by EMLA® and its generic equivalents (which Acrux's generic version will compete with) exceeded US$22 million in the 12 months to the end of March 2020, based on IQVIA data. Harris is a diversified team of healthcare veterans, able to provide their customers and partners first hand experience in all aspects of the dermatology niche – as clinicians, prescribers, drug developers & business professionals. Harris Pharmaceutical is committed to manufacturing and promoting safe and effective dermatologic products for sales and distribution to customers in all channels of trade.

We look forward to bringing each of the 8 licensed products to market.

Acrux now has 13 products under development with an addressable market of US$1.3 billion, based on 12 months sales to end March 2020, as measured by IQVIA data.

Acrux has launched through licensees an Estradiol spray in the United States and Europe and a Testosterone solution in the United States and five other countries.

Estradiol spray

Lenzetto® is the trade name given to the Estradiol product by our licensee Gedeon Richter. Lenzetto® was launched in Europe during the second half of the 2016 financial year. As of June 2020, the product has been launched in 34 countries in total, including 22 in Europe. Revenue for the financial year from Estradiol spray grew in excess of 48% compared to the prior year.

CEO & Managing Director's Report continued

Three products under review by FDA

During the year, Acrux had its third dossier accepted for review by the FDA and this is currently under active review along with two additional dossiers previously submitted. For each submitted product dossier the Company has received minor Complete Response Letters from the FDA and once satisfactory responses are reviewed by the FDA, we expect product approvals to be forthcoming. The development of further products in the Acrux generic pipeline is based upon the selection of generic product candidates from within the topical or transdermal sector of the US pharmaceutical market. The generic product pipeline of the Company can be characterised by its collectively lower risk profile and faster pathway to approval than could be achieved with product development of specialty products or new chemical entities.

The topical generic market is generally less competitive than the much larger oral generic market and it features many products that are considered by regulators to be more complex to develop than products in the oral generic market.

A major focus for the Company during the 2020 financial has been the technical transfer of products to our contracted external Contract Manufacturing Organisations (CMOs) and associated bioequivalence work at external Contract Research Organisations (CROs). This is a vital step in our product development process. This involves the technical transfer of the Acrux developed generic formulations and associated methods of manufacture to a CMO that will scale up manufacturing to commercial batch sizes for bioequivalence assessment and subsequent regulatory submissions and then commercial sale. Those efforts are a significant ongoing internal focus with a range of CMOs and CROs.

Looking forward

More recently, the Acrux team have been operating with the added complexity of the COVID-19 pandemic. Our laboratory team have continued their work from the company's laboratory, whilst administrative staff have largely worked from home. As many of the Acrux development projects now involve contract manufacturers, raw material sources and commercial partners outside Australia, this has added to the complexity in planning and executing each project. Continuity with some service providers has more recently been disrupted by COVID-19 with temporary impacts on their ability to provide a continuous service in their country or state of operations. Where possible, Acrux has planned for contingencies including the assessment of alternate service providers and alternate locations of operations. The broader Acrux team has progressed its pipeline whilst also dealing with the challenges that COVID-19 has provided to the healthcare and general community in Australia and globally.

I would like to personally thank the Acrux team of employees and the Board for their continued efforts and focus on moving our pipeline forward and to assist in securing licensing partners for a significant proportion of the company's pipeline. I would also like to thank our shareholders for their continued support. The next financial year will be a pivotal year at Acrux and we look forward to the opportunities and challenges ahead.

Michael Kotsanis
CEO and Managing Director

Generic product portfolio and pipeline

- 13 products in generic topical portfolio
- 1 product accepted for review by the FDA during FY20

Progress as at FY19

Progress during FY20

1. Based on FDA Guidance, a number of products in the Acrux generic pipeline do not require a clinical study for product approval.

Directors' Report

For the Year Ended 30 June 2020

The Directors present their report, together with the Financial Report of the consolidated entity consisting of Acrux Limited ('Acrux' or the 'Company') and its controlled entities (collectively, the 'Group'), for the financial year ended 30 June 2020 and the independent review report thereon. This Financial Report has been prepared in accordance with Australian Accounting Standards.

Directors

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

Name		Appointed/Resigned
Ross Dobinson	Chairman	Appointed 19 March 1998
Timothy Oldham	Non-executive Director	Appointed 1 October 2013
Michael Kotsanis	Managing Director and Chief Executive Officer	Appointed 3 November 2014
Geoffrey Brooke	Non-executive Director	Appointed 1 June 2016
Norman Gray	Non-executive Director	Appointed 28 November 2019
Simon Green	Non-executive Director	Appointed 1 June 2016/Resigned 28 November 2019

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

Directors meetings

The number of Directors meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year were:

			Committee Meetings			
	Board		Audit and Risk		Human Capital and Nominations	
	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
Ross Dobinson	7	7	2	2	2	2
Timothy Oldham	7	7	2	2	2	2
Michael Kotsanis	7	7	2	2	2	2
Geoffrey Brooke	7	7	2	2	2	2
Norman Gray	4	3	1	1	1	-
Simon Green	3	3	1	1	-	-

1. The number of meetings held during the period the Director was a member of the Board or Committee. All Directors who are not members of Committees are invited to attend Committee meetings.

Principal activities

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

Operating results

	2020 $'000	2019 $'000
Revenue	**3,945**	5,286
Net loss after tax	**(9,471)**	(8,325)
Loss per share	**(5.65) cents**	(5.00) cents
Cash on hand	**9,206**	18,152

The consolidated loss after income tax attributable to the members of Acrux Limited was $9.471 million (2019 loss: $8.325 million).

Loss per share was 5.65 cents (2019: loss per share 5.00 cents).

Review of operations

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

Mission

Acrux is a pharmaceutical company dedicated to developing and commercialising generic topical prescription pharmaceuticals.

Business Strategy

Acrux has 2 commercialised products (2 brands of its Estradiol spray) which are being sold in over 30 markets, including the United States and within the European Union. In addition to its commercialised products, Acrux is expanding its range of topical generic products for the US market by leveraging its on-site laboratories, GMP manufacturing suite, clinical and commercial experience to bring affordable products to market. The Company has entered into a number of manufacturing contracts with US Food and Drug Administration ('FDA') approved contract manufacturers for the supply of its products to the US pharmaceutical market. Acrux has also licensed a number of its products to generic companies in the United States for the commercialisation of its products following FDA approval. The development process required for generic products is substantially shorter and less costly than the equivalent process for new drug development.

Topical Generic Portfolio

At the date of this report, Acrux has 13 generic topical products in various stages of development, including 3 for which applications have been submitted for review to the FDA. The addressable market value for this pipeline of 13 products in the United States is approximately US$1.3 billion, based on IQVIA[1] reported annual sales data at March 2020.

A significant proportion of the 13 products in development currently have no marketed generic alternatives in the United States.

Acrux has engaged with 7 contract manufacturing organisations ('CMOs') to manufacture different products from its portfolio and has licensed 8 products to 3 generic companies to commercialise. All commercial licensees have successful track records selling generic products in the US market.

Licensing and Co-development Agreements

Gedeon Richter

Acrux has licensed its Estradiol spray to Gedeon Richter for sale of the product in Europe and other markets. Gedeon Richter have branded Acrux's Estradiol spray as Lenzetto® and royalties on sales are received quarterly. The marketing of Estradiol spray in Europe commenced in Q1 2016 and the product has since been launched in 35 countries across the European Union and other markets. Sales grew 41.3% year on year and are expected to continue to grow as the product increases market share in existing countries and is progressively launched into new countries

Perrigo

Acrux has licensed its Estradiol spray to Perrigo for sale of the product in the United States where the product is marketed under the Evamist® brand. Royalties on sales are received quarterly. In the United States Evamist® sales grew 36.7% compared to the prior year.

TruPharma LLC

In May 2020 Acrux signed an exclusive sales, marketing and distribution agreement with TruPharma, LLC ('TruPharma') in the United States.

Subject to FDA approval, TruPharma will be responsible for the commercialisation of 6 products from the Acrux pipeline, including the sponsorship and management of each FDA application, management of commercial manufacturing, marketing and distribution of each product. The selected products are at various stages of development and have not been submitted to the FDA for review. The 6 products under development generated sales in the United States in excess of US$440 million in the 12 months to the end of March 2020, based on IQVIA data.

Under the terms of the agreement with TruPharma, Acrux will continue to conduct the development, scientific and bioequivalence activities necessary to develop the products and will seek regulatory approval from the FDA. Acrux and TruPharma will share the gross profits generated from the sales of these products and the agreement will have a 10-year term from launch of each product, unless otherwise agreed.

1. IQVIA, formerly Quintiles and IMS Health, Inc., provides, on a subscription basis, pharmaceutical industry-leading sales data from over 90 countries in a standardised and comparable way.

Amring Pharmaceuticals Inc

In June 2020 Acrux entered into an exclusive development and commercialisation agreement with Amring Pharmaceuticals, Inc. in the United States.

The product under development generated sales in the United States in excess of US$400 million in the 12 months to the end of March 2020 based on IQVIA data. Under the terms of the agreement with Amring, Acrux will continue to conduct the development, scientific and bioequivalence activities necessary to develop the generic product and Amring will seek regulatory approval for the product from the FDA. Subject to that approval being issued by the FDA, Amring will commercialise the product in the United States. Acrux and Amring will share both the development costs and the profits generated from the sales of the product.

Harris Pharmaceuticals

As disclosed at Note 30 in this report, Acrux DDS Pty Ltd entered into an exclusive sales, marketing and distribution agreement with Harris Pharmaceutical Inc ('Harris') in the United States for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%) in August 2020. On 19 August 2019, Acrux announced that the FDA had accepted Acrux's ANDA for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%) for review. Sales generated by EMLA® and its generic equivalents (which Acrux's generic version will compete with) exceeded US$22 million in the 12 months to the end of March 2020, based on IQVIA data. Subject to the product's approval by the FDA, Harris will be responsible for the commercialisation of the product, including the coordination of commercial manufacturing and management of marketing and distribution. Acrux and Harris will share the gross profits generated from the sales of the product and the agreement will have a 5-year term from product launch, unless otherwise agreed.

Acrux Regulatory Submissions

During the year, Acrux had one ANDA accepted for review by the FDA. The product filed was an ANDA for lidocaine 2.5% and prilocaine 2.5% cream and the FDA accepted this product for review in August 2019. Acrux currently has 3 products under review by the FDA.

Key Events During Year

The following were key events for the Group during the year:

- Acrux signed an exclusive sales, marketing and distribution agreement with TruPharma LLC for 6 existing products from the Acrux pipeline.
- Acrux signed an exclusive co-development and commercialisation agreement with Amring Pharmaceuticals Inc.
- Acrux signed an exclusive sales, marketing and distribution agreement with Harris Pharmaceutical Inc for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%).
- Acrux received confirmation that the submitted ANDA to the FDA for a generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%) had been accepted for review.
- Acrux continued to make solid progress with its generic development portfolio.
- Estradiol spray continued to be launched progressively in additional countries within the European Union and in countries outside Europe by our licensee (Gedeon Richter).
- Acrux was audited by the Australian Therapeutic Goods Administration ('TGA') Good Manufacturing Practice audit with no critical or major deficiencies noted by the TGA.
- Acrux received R&D Tax Incentive Rebates of $2.015 million from the Australian Taxation Office.
- Initial revenue from licensees of products in our generic pipeline was received in the June quarter FY20.

Operating Results

The consolidated loss before tax was $9.385 million (2019: loss $8.335 million) attributable to expenses incurred to progress the Group's generic development pipeline. The consolidated loss after tax was $9.471 million (2019 loss: $8.325 million).

Revenue

Revenue for the year decreased by 25.4% ($1.341 million) to $3.945 million (2019: $5.286 million). Royalty revenue from existing commercialised products in Europe and in the United States totalled $0.890 million (2019: $0.631 million). Gedeon Richter's sales of Estradiol spray grew 41.3% while Perrigo's sales of the product grew 36.7% compared to the prior year. Co-development revenue of $0.362 million (2019: $nil) was received from Amring Pharmaceuticals to reimburse development expenses incurred by Acrux.

The Group accrued $2.327 million (2019: $4.072 million) in relation to the R&D Tax Incentive Rebate from the Australian Taxation Office for the 2019/2020 financial year.

Interest received on cash deposits was $0.216 million (2019: $0.579 million).

Expenses

Total operating expenditure for the year decreased by 2.2% to $13.330 million (2019: $13.621 million).

Employee benefits expense totalled $5.075 million (2019: $5.044 million).

External R&D costs for the year decreased marginally to $5.012 million (2019: $5.123 million) while depreciation and amortisation expense increased to $0.708 million (2019: $0.426 million) after the Company adopted the accounting protocols required under IFRS16 Leases.

Income Tax

Income tax expense of $0.086 million (2019: $0.010 million benefit) was recorded for the financial year reflecting movements in temporary differences, deductible tax and non-recognition of unused tax losses. Further details of the income tax expense are provided at Note 6 of the Financial Report.

Cash flow

Cash received from licensing agreements for the year was $1.093 million (2019: $0.576 million).

The Group paid $11.666 million to suppliers and employees (2019: $13.201 million) as a consequence of continued investment in our R&D pipeline. Income tax payments were $nil (2019: $0.510 million). The Group received $2.015 million (2019: $2.057 million) in relation to the R&D Tax Incentive from the Australian Taxation Office for the financial year. The Group also received $0.1 million (2019: $nil) in COVID relief payments.

Capital expenditure was $0.258 million (2019: $0.380 million).

Cash reserves at the end of the period were $9.206 million (2019: $18.152 million).

Contributed Equity

The number of outstanding share options on issue at the end of the reporting period was nil (2019: 1,000,000).

The number of outstanding performance rights at the end of the reporting period was 6,943,556 (30 June 2019: 6,235,000) representing 4.12% of the Company's issued share capital. During the year 2,149,998 rights were granted to the Non-executive Directors under the Group's Omnibus Equity Plan. The rights were issued after shareholder approval was received at the 2019 Annual General Meeting of the Company held on 28 November 2019. The Non-executive Board members, with the exception of Mr Norman Gray who was not a member of the Board at the time approval was obtained, will receive 50% of their cash remuneration for the next 3 years as equity in the form of rights. The rights will vest on a quarterly basis in arrears.

Significant changes in the state of affairs

On 11th March 2020 the World Health Organisation declared an ongoing global outbreak of a novel coronavirus, known as 'coronavirus disease 2019' ('COVID-19') as a pandemic. Acrux has largely maintained its operational activity during 2020 and has implemented a series of precautionary measures in line with the Victorian Government recommendations including enhanced daily cleaning services, administration staff working from home, educating all staff on appropriate hygiene and social distancing requirements and activating business continuity plans internally and with business partners. Acrux has also prepared and implemented a COVID Safe Plan which all employees and visitors must follow.

While the broader economy has been impacted significantly, the Group has experienced a limited impact from the COVID-19 operating environment. The COVID-19 operating environment has in some cases affected operations at contract research organisations (CROs) and CMOs that has caused delays to some projects to date. There have been no significant implications to either revenue or operational expenditure in the current period. There may however be longer term implications beyond the balance date, the extent of which the Company cannot estimate.

Dividends

The Directors have not declared a dividend for the 2020 financial year.

After balance date events

On 11 August 2020 Acrux DDS Pty Ltd announced that it had entered into an exclusive sales, marketing and distribution agreement with Harris Pharmaceutical Inc in the United States for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%).

On 19 August 2019, Acrux announced that the FDA had accepted Acrux's ANDA for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%) for review. Sales generated by EMLA® and its generic equivalents (which Acrux's generic version will compete with) exceeded US$22 million in the 12 months to the end of March 2020, based on IQVIA data. Subject to the product's approval by the FDA, Harris will be responsible for the commercialisation of the product, including the coordination of commercial manufacturing and management of marketing and distribution. Acrux and Harris will share the gross profits generated from the sales of the product and the agreement will have a 5-year term from product launch, unless otherwise agreed.

Likely Developments

For the foreseeable future, the Group will continue to pursue and execute its strategy of developing a diversified, on-market, financially attractive portfolio of topical generic products. The Group's financial results will be materially influenced by its ability to commercialise the initial product suite within its development pipeline, and its ability to conduct the efficient evaluation and selection of additional generic products.

The costs of implementing COVID safe work practices have been minor and have not materially affected our internal research programs. Acrux has largely maintained its operational activity during 2020 and has implemented a range of precautionary measures as noted above in line with the Victorian Government recommendations such as enhanced daily cleaning services, administration staff working from home, educating all staff on appropriate hygiene and social distancing requirements and activating business continuity plans internally and with business partners. Acrux has also prepared and implemented a COVID Safe Plan which all employees and visitors must follow. The full impact of the COVID-19 on the Group will not be fully quantifiable for some time, however, in the short term the Group continues to operate largely at its normal capacity and is working with business partners to do everything possible to adapt.

Environmental regulations

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

Laboratory Waste

To ensure compliance with the Environment Protection Act 1970, the Group engages an external waste management consultant. This consultant has ISO 14001:2015 Certification for Environmental Management to comply with the legislative requirements and 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 2006. 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 Group. The Directors are aware of any breaches during the period covered by this report.

Share options

The number of outstanding employee share options on issue at the date of this report was nil (2019: 1,000,000).

There were no shares issued during the financial year as a result of the exercise of share options.

Performance Rights

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

Date performance rights granted	Number of unissued ordinary shares under performance rights	Value at grant date	Exercise price	Expiry date of the performance right
14 November 2017	3,000,000	$0.12	$0.00	November 2024
25 January 2018	237,000	$0.14	$0.00	January 2025
23 November 2018	400,000	$0.19	$0.00	January 2023
4 February 2019	598,000	$0.16	$0.00	February 2026
9 December 2019	2,068,054	$0.185	$0.00	November 2026
3 February 2020	640,502	$0.15	$0.00	February 2027

No performance right holder has the right to participate in any other share issue of the Company.

Shares issued on exercise of performance rights

There were 1,829,344 (2019:56,000) shares issued during the financial year as a result of the exercise of performance rights.

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 2019 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

Ross Dobinson
(Director since March 1998)

Responsibilities

From November 2014, Non-executive Chairman; 1 July 2012 to November 2014, Executive Chairman; prior to 1 July 2012, Non-executive Chairman. Member of the Audit and Risk Committee.

Qualifications

BBus (Acc)

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 a Director of Reliance Worldwide Corporation (ASX: RWC). He was previously a founding Director of Starpharma Holdings Limited (ASX: SPL), Executive Chairman of Hexima Limited (ASX: HXL), Chairman of TPI Enterprises Limited (now Palla Pharma Ltd. ASX: PAL), Director of Roc Oil Company Limited (ASX: ROC) and a Director of Racing Victoria Limited.

Tim 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.

Qualifications

BSc (Hons), LLB (Hons), PhD

Experience

Tim joined the Board in October 2013. He has almost 20 years of life sciences business development, alliance management and sales and marketing experience in Europe, Asia and Australia. Tim is the CEO and Managing Director at AdAlta (ASX: 1AD). AdAlta is a clinical stage biotech company developing an innovative range of new antibody drugs.

Prior to this, he was Executive Leader of Tijan Ventures, an advisory business focussed on growing life sciences companies through strategic advisory and interim CEO, executive and Non-executive leadership services. He was previously CEO and Managing Director of Cell Therapies Pty Ltd and President of Asia Pacific for Hospira, Inc., having held a variety of senior management roles with Mayne Pharma Ltd prior to its acquisition by Hospira. These roles encompassed the development and commercialisation of generic pharmaceuticals, devices, biologics and cellular therapies. Tim began his business career as an engagement manager with McKinsey & Co. Tim is a Director of BioMelbourne Network Inc and has been chairman of the European Generic Medicines Association Biosimilars and Biotechnology Committee, a Director of the Alliance for Regenerative Medicine, a Director of the Generic Medicines Industry Association and a member of the Pharmaceutical Industry Strategy Group. He has also been a Director of Respiri Ltd (ASX: RSH).

Geoff Brooke
(Director since June 2016)

Responsibilities

Non-executive Director, Chair of the Audit and Risk Committee and member of the Human Capital and Nomination Committee.

Qualifications

MBBS, MBA

Experience

Geoff joined the Board in June 2016. He founded GBS Venture Partners Pty Ltd in 1996 and has more than 20 years' venture capital experience. In January 2014, he reduced his involvement in GBS and is now special adviser to the firm and its funds. Geoff was formally President of Medvest Inc., a US-based early-stage venture capital group he founded with Johnson & Johnson. Geoff's experience includes company formation and acquisitions, as well as public listings on the NYSE, NASDAQ and ASX exchanges. He commenced in March 2017 as Chairman of Actinogen Medical Limited (ASX: ACW) and has been a founder, executive and Director of private and public companies. In August 2020 Geoff commenced as Chairman of Cynata Therapeutics Limited (ASX: CYP). From 2009 until 2015, he was an independent Director of the Victoria WorkCover Authority. Geoff is licensed in clinical medicine by the Medical Board of Victoria, Australia and his post-graduate work was in anaesthetics and intensive care. He earned his Bachelor of Medicine/Surgery from the University of Melbourne, Australia and a Master of Business Administration from IMEDE (now IMD) in Lausanne, Switzerland.

Norman Gray
(Director since November 2019)

Responsibilities

Non-executive Director.

Qualifications

FAICD, Fellow of the Australia College of Defence and Strategic Studies, Masters level qualifications in Strategy and Corporate Leadership

Experience

Norman joined the board in November 2019. He currently operates a consulting business focussed on helping organisations to gain the benefits of the effective execution of business strategies. He commenced this consultancy after retiring from four years as the Chief Executive Officer of Box Hill Institute and Centre for Adult Education, during which time he developed and executed a transformation of the business to ensure its long-term financial sustainability. Prior to taking on the position as CEO of Box Hill Institute Group, Norman was the Chief Operating Officer and Executive Director of Network Operations of Public Transport Victoria, a State Statutory Authority. In this role he was accountable for the business relationship with, and performance of, all contracted public transport operators in Victoria. Norman joined Public Transport Victoria, after resigning from the role of Chief Executive Officer and Managing Director of Thales Australia, a large system engineering company and leading edge provider of solutions for the commercial and defence sectors, with a turnover in excess of $1 billion annually. Prior to this, Norman had completed a long career in the Department of Defence. He served in The Royal Australian Air Force, having held several leadership positions and rising to the rank of Air Vice Marshall. Other positions held include: Deputy CEO Defence Materiel Organisation; Head, Airborne Surveillance and Control division; and Director General Aerospace Development. Norman's exceptional service was recognised in June 1993 when he was made a Member of the Order of Australia. He was also awarded the Australian Service Medal South East Asia and the Australian Service Medal Irian Jaya. Norman is a Fellow of the Australian Institute of Company Directors, and a former Member of the Business Council of Australia (2006-2008). Throughout his career he has obtained a number of qualifications including postgraduate qualifications in Corporate Leadership and Strategy. He also holds tertiary qualifications in complex project management, aviation, management, administration, air navigation and engineering. Norman has a Diploma in Company Directorship and is a Graduate of the Company Director Advanced Program. He has held a number of Board positions including Non-executive Director and Deputy Chairman of the Royal Flying Doctor Service.

Simon Green
(resigned 28 November 2019)

Responsibilities

Non-executive Director and member of the Human Capital and Nomination Committee.

Qualifications

BSc (Hons), PhD

Experience

Simon joined the Board in June 2016. He has 25 years of experience in the biotechnology industry having worked at Genentech and Novartis in San Francisco before joining CSL in 1998. Simon held roles as Senior Vice President in Research and Development and Manufacturing Operations at CSL. He has extensive international experience as a board member for several CSL subsidiary companies in Australia and Germany and for the European Plasma Protein Therapeutics Association. Simon has been a member of the Victorian Biotechnology Advisory Council and acting Chairman of the Northern Innovation and Investment Fund. Simon left CSL in November 2015 to take up the position of Chief Executive Officer and Managing Director for Immunosis Pty Ltd, a biotech company focused on improved diagnostic outcomes for patients with immune deficiencies. He graduated as a biochemist from Monash University and completed his PhD in the field of immunology at Melbourne University in 1992.

Michael Kotsanis
(Director since November 2014)

Responsibilities

Managing Director and Chief Executive Officer

Qualifications

BSc, MBus

Experience

Michael is a seasoned executive with over 30 years of experience in the pharmaceutical industry and has significant senior leadership experience across the global pharmaceutical markets. He was formerly the Chief Commercial Officer and a Board Member of Synthon Holding BV, a Dutch based pharmaceutical company with global revenue over EUR250 million. Prior to Synthon, he served as President, Europe, Middle East and Africa, for Hospira and where he was responsible for delivering over US$500 million in annual revenue. Hospira was the global leader in generic injectable pharmaceuticals prior to its acquisition by Pfizer. Michael joined Hospira following its acquisition of Mayne Pharma in 2007, where he had served as President, Asia Pacific. He joined Mayne following their acquisition of FH Faulding in 2001, where he held responsibility for commercial activities of the pharmaceutical business in Australia and New Zealand. Prior to Faulding, Michael held a variety of sales and marketing positions with a German multinational pharmaceutical company over an 11 year period. Michael was formerly a Board Member of the European Generics Association and a Director of the Generic Medicines Industry Association of Australia. Michael earned a Bachelor of Science from Monash University, Melbourne, a Graduate Diploma in Business from Edith Cowan University, Perth and a Master of Business from the University of Technology, Sydney. Michael is also a Non-executive Director of IDT Australia Limited.

Deborah Ambrosini
(Company Secretary since June 2019)

Responsibilities

Chief Financial Officer and Company Secretary

Qualifications

BCom (Acc and Business Law), FCA, GIA (Cert)

Experience

Deborah commenced at Acrux as Chief Financial Officer and Company Secretary in June 2019. She is a Fellow of Chartered Accountants Australia and New Zealand with over 20 years experience in leading financial strategies to facilitate growth plans. Her experience spans the biotechnology, mining, IT communications and financial services sectors. Deborah possesses extensive experience in debt and equity capital raising activities, regulatory compliance, process improvement, investor relations, large contract management and leading all aspects of accounting, budgeting, forecasting and financial analysis. She also has significant experience both nationally and internationally in financial and business planning, compliance and taxation. Deborah has held Director roles in both listed and unlisted entities. Deborah has been a state finalist in the Telstra Business Woman Awards. She was also named as one of the Top 40 pre-eminent business leaders in the highly prestigious WA Business News 40 under 40 awards.

Information on Key Management Personnel

Felicia Colagrande

(Product Development and Technical Affairs Director since February 2015)

Responsibilities

Product Development and Technical Affairs Director

Qualifications

BSc (Hons), MBA

Experience

Felicia was appointed Product Development and Technical Affairs Director in February 2015. Felicia has a broad background in pharmaceutical operations, topical drug development, analytical development and production. Felicia leads and facilitates all technical aspects of pharmaceutical product development including R&D, formulation development, analytical development, CMC development and Technology Transfer, with a focus on generic topical product development and exploiting the company's drug delivery technology. Felicia has 26 years' experience in the pharmaceutical/biotech industry and joined Acrux in 2001. Felicia has previously held positions at Faulding Pharmaceuticals, the Department of Clinical Pharmacology and Therapeutics at the Austin Hospital, Silliker-Microtech Laboratories and was an Adjunct Appointee Lecturer with the Faculty of Pharmacy and Pharmaceutical Sciences at Monash University. Felicia has a Bachelor of Science degree (with Honours) from La Trobe University and an MBA from the Australian Institute of Business.

Charles O'Sullivan

(Portfolio Director since July 2015)

Responsibilities

Portfolio Director

Qualifications

BPharm

Experience

Charles commenced at Acrux as Portfolio Director in July 2015. He is an experienced healthcare executive with senior and international roles in scientific affairs, medical affairs, health economics and government affairs. Prior to Acrux, Charles was Asia Pacific Director of Medical and Government Affairs for Hospira (now Pfizer). Other pharmaceutical industry roles were at Mayne Pharma (Pricing and Reimbursement Manager), GSK and Zeneca Pharmaceuticals. Additional external roles included being a Director of the Generic Medicines Industry Association of Australia (now the Generic and Biosimilar Association) and membership of a number of industry and government working parties. As a qualified pharmacist, Charles has senior experience in the public hospital sector including pharmacy management and key committee membership including Bio-Ethics Committees, and Drug and Therapeutics Committees. Charles has a Bachelor of Pharmacy degree from Monash University and a Graduate Diploma of Epidemiology and Biostatistics from Melbourne University.

Directors' and Executives' Interests in Equity Instruments

Directors' and Executives' relevant interests in equity instruments of the Company as at the date of this report are detailed below:

	Total No. of shares	Total No. of performance rights
Directors		
Ross Dobinson	1,987,481	1,061,390
Tim Oldham[1]	96,150	743,332
Geoff Brooke	155,750	663,332
Norman Gray	-	-
Michael Kotsanis	1,000,000	3,000,000
Executives		
Deborah Ambrosini	-	140,000
Charles O'Sullivan	-	405,000
Felicia Colagrande	126,500	280,000
Total	**3,365,881**	**6,293,054**

1. Related party interests of Tim Oldham hold 400 shares of Acrux Limited.

Directors' interests in contracts

Directors' interests in contracts are disclosed in Note 24 to the financial statements.

Indemnification and insurance of Directors, Officers and Auditors

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 positions as officers of the Group. Officers indemnified include the Company Secretary, all Directors and all executive officers participating in the management of the Group. Consistent with section 300(9) of the *Corporations Act 2001* further policy details are not disclosed.

Court Proceedings

Since 2014, a number of product liability lawsuits have been 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. The conduct of the lawsuits will not have a material impact on Acrux's operating expenditure.

Remuneration Report (Audited)

The Directors present the Group's 2020 remuneration report which details the remuneration information for Acrux Limited's Non-executive Chairman, Non-executive Directors and other key management personnel.

Human Capital 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 aims to set remuneration which:
  (i) is competitive, fair and designed to attract employees of high quality, skill and experience;
  (ii) motivates senior employees to achieve challenging goals that are linked to the creation of sustainable shareholder returns 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 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 making recommendations on the superannuation arrangements of the Group; 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 Group's remuneration policy are:

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

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 an equity instrument under the omnibus equity plan (OEP), the Chief Executive Officer's (CEO) share option plan (CSOP), or the employee share option plan (ESOP). All permanent staff (including the CEO) are eligible to participate in the short term incentive plan and the OEP. Only the CEO participates in the CSOP and the employees participate in the ESOP. The level of participation varies according to both the level of seniority of the employee and the employee's ability to influence the performance of the business.

The Group aims to set the level of fixed remuneration based on market rates for comparable jobs in the Group's industry sector. The Group aims to set the short and long term incentives to provide for superior achievement to merit higher levels of remuneration, subject to achievement of 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.

Short Term Incentive Plans

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 to implement the Group's business plan.

The business objectives are clearly defined outcomes for product development and commercialisation. The achievement or non-achievement of the business objectives are objectively measured at the end of the financial year.

Each objective is expected to either create value for shareholders or represent material progress towards enhancing shareholder value.

Remuneration Report (Audited) continued

Under the short term incentive plan, senior executives (other than the Chief Executive Officer) are able to achieve annual cash incentives of up to 24% of their fixed remuneration. The Chief Executive Officer is able to achieve annual cash incentives of 25% of his fixed remuneration, which can be varied by Board discretion.

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 the Chief Executive Officer, achievement of personal objectives set for the financial year may also form part of their assessment for entitlement to 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 in terms of sustainable, long term superior performance. Long term incentive plans are designed to comply with both the requirements of ASX Listing Rules and the Pooled Development Funds Act 1992.

The Omnibus Equity Plan, is for all employees including the Chief Executive Officer and it was approved by shareholders at the 2017 Annual General Meeting. Grants made to date under the OEP are subject to the following terms:

A. Chief Executive Officer ('CEO')

- Shareholders approved the issue of 4 million performance rights for nil cash consideration and each performance right carries the right to acquire one ordinary share in the Company;
- The 4 million performance rights will vest in 4 equal tranches, with each successive tranche vesting at the end of each of the 4 years after grant, provided that the CEO is still employed and that the total return to shareholders (TSR) over the year preceding the vesting of each tranche is equal to or greater than 12%;
- Tranches that do not vest in any year of the cycle may be "rolled over" into the next year of the cycle and will be subject to an additional 12% TSR hurdle. There will be no "roll-over" after the fourth year; and
- The rights will expire 7 years after grant.

B. Employees

- The Board has chosen to issue performance rights to employees that are granted on the basis of a four-year cycle at nil cost;
- Each performance right carries the right to acquire one ordinary share in the Company;
- Each grant of performance rights will vest after one year, provided that the total shareholder return (TSR) over that period is equal to or greater than 12% and the employee remains employed;
- Tranches that do not vest in any year of the cycle may be "rolled over" into the next year of the cycle and will be subject to an additional 12% TSR hurdle. There will be no "roll-over" after the fourth year; and
- The rights will expire 7 years after grant.

C. Directors

- Shareholders approved the issue of rights to Directors that are granted on the basis of a four-year cycle at nil cost;
- Each right carries the right to acquire one ordinary share in the Company;
- Each grant of rights will vest annually, provided that the Director has been continuously engaged by a Company in the Group from the grant date to vesting date;
- The rights will expire 7 years after grant.

D. Employees

- The Board has chosen to issue $1000 worth of tax exempt shares to employees at nil cost;
- Each grant of tax exempt shares will be held in escrow for a period of 3 years.
- Senior management employees were not eligible to participate in the issue.
- There are no vesting conditions applicable to the tax exempt shares and if an employee ceases employment with the Company the shares will vest immediately.

For further details refer to Note 18 to the accounts.

In prior years, equity based long term incentives were awarded to employees under an Employee Share Option Plan (ESOP). The plan was approved by shareholders at the Company's 2015 Annual General Meeting. In the ordinary course of reviewing the appropriateness of employee remuneration, the Board and Human Capital and Nomination Committee (HCNC) determined that the grant of options under the ESOP no longer provides appropriate incentives and since 2017 these have been replaced with performance rights awards under the OEP. The Board continues to re-evaluate the effectiveness of long term incentive plans as the business environment changes.

Group Performance

The following table summarises the Group's performance and key performance indicators:

	2016	2017	2018	2019	2020
Revenue (000's)	28,557	23,934	3,432	5,286	**3,945**
% increase/decrease in revenue	13%	-16%	-86%	54%	**-25%**
(Loss)/profit before tax ($'000)	18,092	(94)	(16,125)	(8,335)	**(9,385)**
% change in profit/loss before tax	8%	-101%	17054%	-48%	**13%**
Change in share price (%)	-15%	-69%	-34%	28%	**-22%**
Dividends to shareholders ($000)	9,991,303	-	-	-	**-**
Total remuneration of Key Management	1,909,941	2,032,529	2,021,723	1,829,372	**2,013,478**
Total performance based remuneration	209,110	198,179	269,328	83,415	**66,135**

Remuneration and termination entitlements of senior management

Senior executives have no fixed term of employment and either party to management employment contracts may terminate the contract on periods of written notice ranging between one and six months. The employment contracts contain no other entitlement to termination benefits beyond statutory entitlements.

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

Executive		
Michael Kotsanis	Chief Executive Officer	Commenced 3 November 2014
Deborah Ambrosini	Chief Financial Officer & Company Secretary	Commenced 3 June 2019
Felicia Colagrande	Product Development and Technical Affairs Director	Commenced 15 February 2015
Charles O'Sullivan	Portfolio Director	Commenced 1 July 2015

Share options

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

No options over ordinary shares were granted during or since the end of the financial year.

(b) Shares issued on exercise of options

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

Performance rights

(a) Compensation Performance Rights: Granted and vested during the year

A total of 4,000,000 performance rights were issued by Acrux Limited to the Chief Executive Officer, Mr Kotsanis, on 14 November 2017 under the Omnibus Equity Plan, approved by shareholders at the 2017 Annual General Meeting. Performance rights issued to Mr Kotsanis vest upon the Group achieving performance metrics approved by the Board and his continued employment.

A total of 836,000 performance rights were issued by Acrux Limited to eligible employees on 25 January 2018 under the Omnibus Equity Plan. Performance rights issued to eligible employees vest upon the Group achieving performance metrics approved by the Board and their continued employment.

Remuneration Report (Audited) continued

A total of 804,000 performance rights were issued by Acrux Limited to eligible employees on 4 February 2019 under the Omnibus Equity Plan. Performance rights issued to eligible employees vest upon the Group achieving performance metrics approved by the Board and their continued employment.

A total of 654,097 performance rights were issued by Acrux Limited to eligible employees on 4 February 2020 under the Omnibus Equity Plan. Performance rights issued to eligible employees vest upon the Group achieving performance metrics approved by the Board and their continued employment.

(b) Shares issued on exercise of performance rights

1,125,000 (2019: nil) ordinary shares were issued to Executives on the exercise of performance rights held by those parties during or since the end of the financial year.

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

	Primary		Post-employment	Termination	Share Based Payments				
2020	Salary[7] $	Bonus[8] $	super $	Benefits $	Options $	Performance Rights	Total $	Equity as a % of total %	Bonus as a % of total %
Michael Kotsanis[1]	**460,700**	**28,312**	**21,003**	**-**	**-**	**-**	**510,015**	**0%**	**6%**
Deborah Ambrosini[2]	**258,576**	**18,970**	**21,003**	**-**	**-**	**21,237**	**319,786**	**7%**	**6%**
Felicia Colagrande[3]	**218,789**	**9,594**	**20,858**	**-**	**-**	**21,237**	**270,478**	**8%**	**4%**
Charles O'Sullivan[4]	**212,358**	**9,259**	**20,313**	**-**	**-**	**21,237**	**263,167**	**8%**	**4%**
	1,150,423	**66,135**	**83,177**	**-**	**-**	**63,711**	**1,363,446**	**5%**	**5%**
2019									
Michael Kotsanis[1]	451,046	49,476	20,531	-	-	-	521,053	0%	9%
Deborah Ambrosini[2]	22,624	-	1,979	-	-	-	24,603	0%	0%
Felicia Colagrande[3]	211,888	17,033	19,574	-	-	11,155	259,650	4%	7%
Charles O'Sullivan[4]	196,197	16,906	18,770	-	-	11,155	243,028	5%	7%
Tim Bateman[5]	218,456	-	20,531	-	-	-	238,987	0%	0%
Nina Webster[6]	27,828	-	6,636	7,637	-	-	42,101	0%	0%
	1,128,039	**83,415**	**88,021**	**7,637**	**-**	**22,310**	**1,329,422**	**2%**	**6%**

1. Appointed Chief Executive Officer and Managing Director 3 November 2014.
2. Appointed Chief Financial Officer and Company Secretary 3 June 2019.
3. Appointed Product Development and Technical Affairs Director 15 February 2015.
4. Appointed Portfolio Director 1 July 2015.
5. Appointed Chief Financial Officer and Company Secretary 10 October 2016 and last day of employment was 14 June 2019.
6. Appointed Commercial Director 1 July 2013 and last day of employment was 22 November 2018.
7. Includes movement in annual leave and long service provisions for the year.
8. Bonus relates to achievement of objectives for in each year. Bonus payments are accrued in the year they are earned.

Remuneration of Directors

The Human Capital and Nomination Committee determines the level of remuneration necessary to attract and retain Directors with the skills and experience required by the Group at its stage of development. The Committee makes recommendations to the Board, which subsequently puts those recommendations for approval by the shareholders at the next Annual General Meeting. At the 2019 Annual General meeting it was agreed that all Directors, with the exception of Mr Norman Gray who was not a Director at the time of the meeting, would receive 50% of their remuneration in the form of equity issued at $0.18 per share.

The Director services of the Non-executive Chairman Ross Dobinson are provided by Espasia Pty Ltd. The contract for services can be terminated by either party giving three months' notice in writing. For the 2019/20 financial year the contract provided for fees of $118,000 per annum in respect of Director services. For the 2019/20 financial year Non-executive Directors' fees were $70,000 per annum, plus superannuation, for each Non-executive Director. Fees are paid as a combination of 50% in cash and 50% in equity after shareholder approval was received at the 2019 Annual General Meeting. Shareholders set the maximum cash aggregate amount of Non-executive Directors' fees at $450,000 at the 2004 Annual General Meeting. In addition, Non-executive Directors are entitled to reimbursement of reasonable expenses incurred by them on Group business. No retirement allowances are 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 super	Termination Benefits	Share Based Payments Rights	Total	Equity as a % of total	Bonus as a % of total
2020	Fees $	Bonus $	$	$	$	$	%	%
Ross Dobinson[1]	**83,583**	**-**	**-**	**-**	**181,917**	**265,500**	**69%**	**-**
Timothy Oldham[2]	**49,583**	**-**	**6,650**	**-**	**107,916**	**164,149**	**66%**	**-**
Geoff Brooke[3]	**49,583**	**-**	**6,650**	**-**	**107,916**	**164,149**	**66%**	**-**
Norman Gray[4]	**20,417**	**-**	**3,879**	**-**	**-**	**24,296**	**0%**	**-**
Simon Green[5]	**29,167**	**-**	**2,771**	**-**	**-**	**31,938**	**0%**	**-**
	232,333	**-**	**19,950**	**-**	**397,749**	**650,032**	**61%**	**-**

Refer to notes on 2019 table below.

A total of 2,149,998 rights were issued to the Directors of Acrux Limited, with the exception of Mr Norman Gray who was not a Director at the date of approval, on 9 December 2019 under the Omnibus Equity Plan. The granting of the rights, which was approved by shareholders at the 2019 Annual General Meeting, represents 50% of each Director's cash fees over a 3 year period to November 2022. Rights issued to Directors will vest quarterly over a 3 year period with the final tranche vesting on 16 November 2022. Each tranche is expensed uniformly between the grant date and the vesting date with the largest expense being incurred in the first year of amortisation. Any additional persons (who require approval under ASX Listing Rule 10.14) who become entitled to participate in the OEP will not participate until approval is obtained under ASX Listing Rule 10.14. The issue will align the interests of the Non-executive Directors with those of shareholders towards long term sustained superior growth. The issuing rights to Non-executive Directors in part payment of their fees is a prudent approach which aligns with the Company's continual approach to implementing cash saving measures.

398,344 (2019: nil) ordinary shares were issued to Non-executive Directors on the exercise of rights held by those parties during or since year end.

	Primary		Post-employment super	Termination Benefits	Share Based Payments Rights	Total	Equity as a % of total	Bonus as a % of total
2019	Fees $	Bonus $	$	$	$	$	%	%
Ross Dobinson[1]	118,000	-	-	-	60,800	178,800	34%	-
Timothy Oldham[2]	70,000	-	6,650	-	30,400	107,050	28%	-
Geoff Brooke[3]	70,000	-	6,650	-	30,400	107,050	28%	-
Simon Green[5]	70,000	-	6,650	-	30,400	107,050	28%	-
	328,000	-	19,950	-	152,000	499,950	30%	-

1. Appointed Non-executive Chairman post appointment of the Chief Executive Officer, November 2014.
2. Appointed Non-executive Director 1 October 2013.
3. Appointed Non-executive Director 1 June 2016.
4. Appointed Non-executive Director 28 November 2019.
5. Appointed Non-executive Director 1 June 2016 and resigned 28 November 2019.

Remuneration Report (Audited) continued

At the 2018 Annual General Meeting shareholders approved the issue of 800,000 rights to the Directors of Acrux Limited under the Omnibus Equity Plan in lieu of increases in cash fees (which have not changed since 2014). Rights issued to Directors will vest equally over a 4 year period with the final tranche vesting on 1 January 2022. Each tranche is expensed uniformly between the grant date and the vesting date with the largest expense being incurred in the first year of amortisation. The Company believes that issuing of rights to Non-executive Directors in lieu of increasing cash remuneration is prudent approach which aligns with the Company's continual approach to implementing cash-saving measures.

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.

Equity instruments held by Key Management Personnel

Ordinary Shares

The number of ordinary shares held by key management personnel at financial year end is set out in the following table:

Directors and Executives	Balance 1 July 2019	Granted as remuneration	Rights exercised	Net change other	Balance 30 June 2020
Ross Dobinson[1]	1,372,593	-	241,944	372,944	1,987,481
Tim Oldham[2]	96,150	-	-	-	96,150
Geoff Brooke[3]	75,750	-	80,000	-	155,750
Norman Gray[4]	-	-	-	-	-
Simon Green[7]	130,435	-	76,400	(60,000)	146,835
Executives					
Michael Kotsanis[5]	-	-	1,000,000	-	1,000,000
Felicia Colagrande[6]	1,500	-	125,000	-	126,500
	1,676,428	**-**	**1,523,344**	**312,944**	**3,512,716**

1. Appointed Non-executive Chairman post appointment of the Chief Executive Officer, November 2014.
2. Appointed Non-executive Director 1 October 2013.
3. Appointed Non-executive Director 1 June 2016.
4. Appointed Non-executive Director 28 November 2019.
5. Appointed Chief Executive Officer and Managing Director 3 November 2014.
6. Appointed Product Development and Technical Affairs Director 15 February 2015.
7. Appointed Non-executive Director 1 June 2016 and resigned 28 November 2019.

Share options

The number of employee share options held by key management personnel at financial year end is set out in the following table:

Executives	Balance at 1 July 2019	Granted as remuneration	Rights exercised	Net Change other	Balance 30 June 2020	Value of options granted during the year at grant date $	Value of options expensed at 30 June 2020 $
Michael Kotsanis[1]	1,000,000	-	-	(1,000,000)	-	-	-
	1,000,000	**-**	**-**	**(1,000,000)**	**-**	**-**	**-**

1. Appointed Chief Executive Officer and Managing Director 3 November 2014.

Performance rights

The number of employee performance rights held by key management personnel at financial year end is set out in the following table:

Directors and Executives	Balance at 1 July 2019	Granted as remuner-ation	Rights exercised	Lapsed	Balance 30 June 2020	Value of perform-ance rights at grant date $	Value of perform-ance rights expensed at 30 June 2020 $
Directors							
Ross Dobinson[1]	320,000	983,334	(241,944)	-	1,061,390	181,917	107,986
Tim Oldham[2]	160,000	583,332	-	-	743,332	107,916	62,280
Geoff Brooke[3]	160,000	583,332	(80,000)	-	663,332	107,916	62,280
Norman Gray[4]	-	-	-	-	-	-	-
Simon Green[9]	160,000	-	(76,400)	(83,600)	-	-	-
Executives							
Michael Kotsanis[5]	4,000,000	-	(1,000,000)	-	3,000,000	-	79,174
Deborah Ambrosini[6]	-	140,000	-	-	140,000	21,237	2,137
Felicia Colagrande[7]	265,000	140,000	(125,000)	-	280,000	21,237	12,662
Charles O'Sullivan[8]	265,000	140,000	-	-	405,000	21,237	12,662
	5,330,000	**2,569,998**	**(1,523,344)**	**(83,600)**	**6,293,054**	**461,460**	**339,181**

1. Appointed Non-executive Chairman post appointment of the Chief Executive Officer, November 2014.
2. Appointed Non-executive Director 1 October 2013.
3. Appointed Non-executive Director 1 June 2016.
4. Appointed Non-executive Director 28 November 2019.
5. Appointed Chief Executive Officer and Managing Director 3 November 2014.
6. Appointed Chief Financial Officer and Company Secretary 3 June 2019.
7. Appointed Product Development and Technical Affairs Director 15 February 2015.
8. Appointed Portfolio Director 1 July 2015.
9. Appointed Non-executive Director 1 June 2016 and resigned 28 November 2019.

A total of 654,097 additional performance rights were issued by Acrux Limited to eligible employees on 3 February 2020 under the Omnibus Equity Plan, approved by shareholders at the 2017 Annual General Meeting. Performance rights issued to eligible employees vest upon the Group achieving performance metrics approved by the Board and their continued employment.

A total of 2,149,998 performance rights were issued to the Directors of Acrux Ltd on 9 December 2019 under the Omnibus Equity Plan. The granting of the rights, which was approved by shareholders at the 2019 Annual General Meeting, represents 50% of each Director's cash fees over a 3 year period to November 2022. Performance rights issued to Directors will vest quarterly over a 3 year period with the final tranche vesting on 16 November 2022. Each tranche is expensed uniformly between the grant date and the vesting date with the largest expense being incurred in the first year of amortisation.

Voting and comments made at the Company's 2019 Annual General Meeting (AGM)

At the Company's 2019 Annual General Meeting, a resolution to adopt the prior year's Remuneration Report was put to the vote and fewer than 25% of the votes cast on the resolution to adopt the 2019 Remuneration Report were cast against the resolution. No comments were made at the AGM by shareholders in relation to the Remuneration Report.

This is the end of the audited remuneration report.

Non-audit services

Non-audit services are approved by resolution of the Audit and Risk Committee and approval is provided in writing to the Board of Directors. Non-audit services were provided by the auditor, namely Pitcher Partners (Melbourne) and their network firms and other non-related audit firms, as detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed and approved by the Audit Committee to ensure they do not impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of *Ethics for Professional Accountants (including independence standards)*, as they did not involve reviewing or auditing the auditors' own work, acting in a management or decision making capacity for the Group or any of its related entities, acting as an advocate for the Group or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of the Group or any of its related entities.

	2020	2019
Amount paid or payable to Pitcher Partners (Melbourne) for non-audit services	**18,645**	57,871
Amount paid or payable to network firms of Pitcher Partners for non-audit services	**-**	-
	18,645	**57,871**

Auditor Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporation Act 2001* in relation to the audit for the financial year is provided with this Financial Report.

Rounding of amounts

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

Ross Dobinson
Non-executive Chairman

Melbourne
Dated this 24th Day of August 2020

Geoff Brooke
Non-executive Director

Melbourne
Dated this 24th Day of August 2020

Auditor's Independence Declaration

ACRUX LIMITED

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ACRUX LIMITED

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

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

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

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

N R BULL
Partner

24 August 2020

PITCHER PARTNERS
Melbourne

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue from licensing agreements	4	**1,253**	631
Other revenue	4	**2,692**	4,655
		3,945	5,286
Employee benefits expense	5	**(5,075)**	(5,044)
Directors' fees		**(252)**	(346)
Share options expense	18(c)	**(385)**	(284)
Depreciation and amortisation expenses	5	**(708)**	(426)
Occupancy expenses		**(226)**	(536)
External research and development expenses		**(5,012)**	(5,123)
Professional fees		**(444)**	(749)
Other expenses		**(1,228)**	(1,113)
Total expenses		**(13,330)**	(13,621)
Loss before income tax		**(9,385)**	(8,335)
Income tax expense	6	**(86)**	10
Net loss for the year		**(9,471)**	(8,325)
Total comprehensive loss for the year		**(9,471)**	(8,325)
Total comprehensive loss attributable to:			
Members of the parent entity	19(b)	**(9,471)**	(8,325)
Non-controlling interest	21	**-**	-
		(9,471)	(8,325)
Loss per share for loss attributable to the equity holders of the parent entity:			
Basic loss per share	8	**(5.65) cents**	(5.00) cents
Diluted loss per share	8	**(5.65) cents**	(5.00) cents

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

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	Consolidated 30 June 2020 $'000	Consolidated 30 June 2019 $'000
Current Assets			
Cash and cash equivalents	9	**9,206**	18,152
Receivables	10	**2,559**	2,301
Other current assets	11	**577**	487
Total Current Assets		**12,342**	20,940
Non-Current Assets			
Plant and equipment	12	**761**	906
Intangible assets	13	**589**	696
Deferred tax asset	6	**1,805**	1,891
Lease assets	14	**2,339**	-
Total Non-Current Assets		**5,494**	3,493
Total Assets		**17,836**	24,433
Current Liabilities			
Payables	15	**1,878**	1,869
Provisions	16	**620**	547
Lease liabilities	14	**167**	-
Total Current Liabilities		**2,665**	2,416
Non-Current Liabilities			
Provisions	16	**88**	81
Lease liabilities	14	**2,234**	-
Total Non-Current Liabilities		**2,322**	81
Total Liabilities		**4,987**	2,497
Net Assets		**12,849**	21,936
Equity			
Contributed equity	17	**96,137**	95,879
Reserves	19(a)	**582**	639
Retained earnings	19(b)	**(83,870)**	(74,582)
Equity attributable to equity holders of the Parent		**12,849**	21,936
Non-controlling interests	21	**-**	-
Total Equity		**12,849**	21,936

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2018		95,873	581	(66,483)	29,971
Loss for the period		-	-	(8,325)	(8,325)
Total comprehensive loss for the year		-	-	(8,325)	(8,325)
Transactions with owners in their capacity as owners:					
Employee share scheme	19(a)	-	284	-	284
Performance rights exercised	17(b)	6	-	-	6
Employee share options that lapsed during the year	19(a)	-	(226)	226	-
Balance at 30 June 2019		**95,879**	**639**	**(74,582)**	**21,936**
Balance at 1 July 2019		**95,879**	**639**	**(74,582)**	**21,936**
Loss for the period		**-**	**-**	**(9,471)**	**(9,471)**
Total comprehensive loss for the year		**-**	**-**	**(9,471)**	**(9,471)**
Transactions with owners in their capacity as owners					
Employee share scheme	**19(a)**	**30**	**126**	**-**	**156**
Performance rights exercised	**17(b)**	**228**	**-**	**-**	**228**
Employee share options that lapsed during the year	**19(a)**	**-**	**(183)**	**183**	**-**
Balance at 30 June 2020		**96,137**	**582**	**(83,870)**	**12,849**

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

Consolidated Statement of Cashflows

For the Year Ended 30 June 2020

	Note	30 June 2020 $'000	30 June 2019 $'000
Cash flows from operating activities			
Receipts from product agreements		**1,093**	576
Payments to suppliers and employees		**(11,666)**	(13,201)
Interest received		**216**	579
Finance costs		**(191)**	-
Research and development tax incentive		**2,015**	2,057
Income tax refunded/(paid)		**-**	51
Net cash used in operating activities	20a	**(8,533)**	(9,938)
Cash flows from investing activities			
Proceeds from property, plant and equipment		**4**	-
Payment for property, plant and equipment		**(258)**	(380)
Net cash used in investing activities		**(254)**	(380)
Cash flows from financing activities			
Lease liability principal repayments		**(159)**	-
Net cash used in investing activities		**(159)**	-
Net decrease in cash and cash equivalents		**(8,946)**	(10,318)
Cash and cash equivalents at beginning of year		**18,152**	28,470
Cash at the end of the year	20b	**9,206**	18,152

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1. Statement of significant accounting policies

The following are the significant accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

Compliance with IFRS

The financial report of Acrux Limited complies 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 and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

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

(b) Going Concern Basis of Preparation

The financial report has been prepared on a going concern basis. During the year ended 30 June 2020 the Group reported an operating loss after tax of $9.471 million (2019: loss $8.325 million) and at the reporting date total assets exceeded total liabilities by $12.849 million (2019: $21.936 million).

The Directors have prepared projected cash flow information for the twelve months from the date of approval of these financial statements taking into consideration the uncertainty of multiple significant business impacting events that could occur in the next twelve months.

In response to the uncertainty arising from this, the Directors have considered a plausible forecast range. The lowest of these forecast ranges indicates that the Group is expected to continue to operate, with headroom, within available cash levels. Key to the forecasts are relevant assumptions regarding the business, business model, any legal or regulatory restrictions, in particular:

- continued receipt of existing royalty income in line with prior year growth percentages;
- Receipt of the Research and Development tax incentive for FY20 and FY21 at similar levels to prior years;
- Receipt of the Overseas Findings Research and Development tax incentive for FY20 and FY21 in line with current levels of qualifying spend;
- Receipt of development costs, milestone payments and royalty income in line with executed licensing contracts; and
- Mitigating actions including the deferral of non-critical and discretionary operating expenditure, which the Directors and management monitor monthly.

The Directors remain focused on the Group's liquidity and expect to manage business operations in the forecast period whilst maintaining adequate liquidity.

Based on the forecasts, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

(c) Principles of Consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of the parent entity and of all the entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 not recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

(d) Revenue from contracts with customers

The Group derives revenue from licensing agreements in the form of milestone payments and royalty fees. 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.

(e) Other revenues

Revenue from the R&D Tax Incentive

As a result of a change in processes the Group is now able to obtain a reliable estimate of its R&D tax incentive in the year that it is incurred allowing the Group to record an accrual in that year under Australian Accounting Standards. Revenue will be accrued at a rate 43.5% of the approved R&D expenditure.

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

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).

(f) 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, which are held at call with financial institutions.

(g) 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 amounts of all fixed assets are calculated on a straight line basis over their estimated useful lives to the entity commencing from the time the assets are 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:

	2020 $	2019 $
Leasehold improvements	**5 to 20 years**	5 to 20 years
Plant and equipment	**2.5 to 16 years**	1 to 16 years

(h) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

(i) 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' in the Statement of Comprehensive Income.

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 all of the following specific criteria can be demonstrated:

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 Estradiol, for which amortisation has commenced, is approximately 6 years. Amortisation expense is included in 'Depreciation and amortisation expenses' of the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

(j) 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. Impairment loss is disclosed as a separate line item on the Consolidated Statement of Comprehensive Income

(k) Income tax

Current income tax expense or benefit 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 to be 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 27.5%.

Income tax expense/benefit for the financial year was $0.086 million (2019: benefit $0.010 million).

(l) Provisions

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

(m) 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 Group to employee superannuation funds and are charged as expenses when the obligation to pay them arises.

Bonus

The Group 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 Group operates a Chief Executive Option Plan and an Omnibus Equity Plan. The fair value of the options and performance rights are recognised as an expense in the Consolidated Statement of Comprehensive Income in the period(s) during which the employee becomes entitled to exercise the options/rights. The fair value of options/rights 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 became entitled to the option (the vesting period). The fair value of performance rights at grant date is determined using a Monte Carlo simulation pricing model and is recognised as an employee benefit expense over the period during which the employees became entitled to the performance rights (the vesting period).

Termination benefits

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

(n) Comparatives

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

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income ('FVtOCI') in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss ('FVtPL') on the basis of both:

(a) the Group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Trade and other receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days. Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) receivables from contracts with customers and contract assets.

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

Financial Liabilities

Non-derivative financial liabilities include trade payables, other creditors and inter-company balances. Liabilities are recognised for future payments for goods and services received, whether or not these have been billed to the Group. Trade liabilities are normally settled 30 days from month end.

(p) Foreign currency translation and balances

Functional and presentation currency

The financial statements of each of the Group'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 Group's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the 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 any currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues or expenses for the financial year.

(q) 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 Consolidated Statement of Cashflows on a gross basis.

(r) Rounding amounts

The Company and the Group have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the Directors' Report have been rounded to the nearest thousand or million dollars, or in certain cases, to the nearest dollar (where indicated).

(s) New and Revised Accounting Standards Effective at 30 June 2020

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16).

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
   i. investment property, the lessee applies the fair value model in *AASB 140 Investment Property* to the right-of-use asset; or
   ii. property, plant or equipment, the lessee applies the revaluation model in *AASB 116 Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

In accordance with the transition requirements of AASB 16, the Group has elected:

(a) to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect of initially applying the new standard recognised at the beginning of the current reporting period (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of $2,408,881 (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of $2,408,881. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities is 8%.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e. at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of adoption (i.e. 1 July 2019):

	$ 000's
Aggregate non-cancellable operating lease commitments at 30 June 2019	913
Plus: lease payments included in the measurement of lease liabilities and not previously included in non-cancellable operating lease commitments	2,842
Less: impact of discounting lease payments to their present value at 1 July 2019	(1,346)
Carrying amount of lease liabilities recognised at 1 July 2019	2,409

2. Significant accounting estimates and judgements

Certain accounting estimates include 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 amounts of the 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 deductible temporary differences and unused tax losses as management considers that it is probable that future tax profits will be available to utilise those temporary differences and unused tax losses.

(b) Impairment testing

The Group uses discounted cash flow models to determine that the capitalised development costs in the Group are not being carried at a value that is materially in excess of recoverable value. The models value each product by estimating future cash flows, risk adjusted as appropriate and discounting the future net cash flows for the risks specific to the assets as well as for the time value of money. The following approach and assumptions have been applied:

- Revenue from a product is estimated using current market data and projections of market volumes, product price and market share, adjusted for the impact of competitors entering the market based on external analysis of the market effect of those competitors.
- The cash flow forecasts are over 11 years.
- The cash flows have been discounted using a post tax rate of 12%.

The Group recorded a non-cash impairment loss of $nil (2019: $nil) for the financial year.

(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 two employee share option plans and an omnibus equity plan for issuance of performance rights. The bonus element over the exercise price for the grant of options is recognised as an expense in the Consolidated Statement of Profit or Loss and Other 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. The value of performance rights issued is recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period(s) when the benefit is earned. The value of the performance right is calculated using either a Monte Carlo or Black and Scholes simulation pricing model. These pricing models require 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 Securities Exchange. The risk free interest rate is the Reserve Bank of Australia's cash rate at the options grant date(s).

3. Financial risk management and fair value measurements

The Group 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 Group's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at 30 June 2020 are shown in the table below. Cash and lease liabilities are exposed to interest rate risk. A change in the average effective interest rate of +/- 1% with all other variables held constant would have an immaterial effect on post tax loss for the year.

At 30 June 2020 the Group had financial instruments with carrying amounts as shown in the following table:

	Weighted average interest rate[1]		Floating interest rate		1 Year or less		2 years to 5 years		5 years or more		Non interest bearing		Total carrying amount per balance sheet	
Financial instruments	2020 %	2019 %	2020 000's	2019 000's	2020 000's	2019 000's	2020 000's	2019 000's	2020 000's	2019 000's	2020 000's	2019 000's	2020 000's	2019 000's
(i) Financial Assets														
Cash	**1.6**	2.5	**1,205**	148	**8,000**	18,000	**-**	-	**-**	-	**1**	4	**9,206**	18,152
Receivables			**-**	-	**-**	-	**-**	-	**-**	-	**2,559**	2,301	**2,559**	2,301
Total financial assets			**1,205**	148	**8,000**	18,000	**-**	-	**-**	-	**2,560**	2,305	**11,765**	20.453
(i) Financial Liabilities														
Trade creditors			**-**	-	**-**	-	**-**	-	**-**	-	**1,025**	901	**1,025**	901
Sundry creditors and accruals			**-**	-	**-**	-	**-**	-	**-**	-	**853**	968	**853**	968
Lease liability	**8.0**	-	**(1,176)**	-	**352**	-	**1,348**	-	**1,877**	-	**-**	-	**2,401**	-
Total financial liabilities			**(1,176)**	-	**352**	-	**1,348**	-	**1,877**	-	**1,878**	1,869	**4,279**	1,869

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

(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 Group is exposed to currency risks due to both revenue and costs being denominated in both US dollars and Euro. Currency risk management strategies are regularly reviewed.

Bank accounts denominated in US dollars are maintained in order to facilitate receipts and payments. US denominated cash reserves at 30 June 2020 totalled A$0.064 million (2019: A$0.003 million). A change of 10% in the AUD/USD exchange rate at 30 June 2020 would result in an immaterial change to the net profit and equity of the Group (2019: immaterial).

The balance of receivables at 30 June 2020 includes the right to receive US$0.01 million (2019: US$0.01 million) of USD denominated royalties and EUR0.11 million (2019: EUR0.11 million) of EUR denominated royalties in relation to the fourth quarter of the 2019/20 financial year. A change of 10% in the AUD/USD and AUD/EUR exchange rate at 30 June 2020 would change the consolidated net profit/(loss) and equity immaterially (2019: immaterial).

The Group does not enter into forward exchange contracts. At balance date, there were $nil (2019: $nil) forward exchange contracts. The accounting policy for forward exchange contracts is detailed in Note 1(p).

In future periods, revenues are expected to be received and costs are expected to be incurred in foreign currency.

(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 Group's financial assets at 30 June 2020. 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 Group.

Credit risk for receivables from contracts with customers is managed by undertaking credit checks for all new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms. For credit risk management purposes, the Group applies credit risk rating grades to its financial assets. The credit risk rating grade is the Group's rating of credit risk based on the risk of a default occurring on the financial instrument. The Group's credit risk rating grades are outlined in the following table:

Credit risk rating grade	Criteria applied by the Group	Basis of recognising allowance for credit loss
Low risk (performing)	The counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the Group to have a strong financial position and no history of past due amounts from previous transactions with the Group.	Life-time expected credit loss (for receivables from contracts with customers and contract assets)
		12 month expected credit losses (for other financial assets subject to impairment testing)

(d) Liquidity risk

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

The Group has lease liability repayments of $0.352 million due within 12 months of the balance date and $3.225 million due beyond 12 months from balance date. Other financial liabilities of the Group at the balance date are all expected to mature within three months of the balance date. The Group has sufficient cash reserves of $9.206 million (2019: $18.152 million), to settle these liabilities and to fund operating expenditure for at least 15 months from the balance date based on current cashflow forecasts. The Group does not have an overdraft or loan facility. The maturity profile of the Group'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 assets 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.

4. Revenue

	2020 000's	2019 000's
Revenue from Contracts with Customers		
Revenue from licensing agreements	**1,253**	631
Other revenues		
Interest	**216**	579
Grant revenue – R&D Tax incentive	**2,327**	4,072
Foreign exchange gain	**-**	4
Other revenue	**149**	-
Total revenue from non-operating activities	**2,692**	4,655
Total revenue from continuing operations	**3,945**	5,286

5. Loss from continuing operations

	2020 000's	2019 000's
Loss from continuing operations before income tax has been determined after the following specific expenses:		
Employee benefits expense		
Wages and salaries	**4,237**	4,217
Superannuation costs	**370**	397
Other employee benefits expense	**468**	430
Total employee benefits expense	**5,075**	5,044
Depreciation of non-current assets		
Right of use asset	**201**	-
Plant and equipment	**397**	316
Total depreciation of non-current assets	**598**	316
Amortisation of non-current assets		
Buildings	**3**	3
Capitalised research and development	**107**	107
Total amortisation of non-current assets	**110**	110
Total depreciation and amortisation of non-current assets	**708**	426

	2020 000's	2019 000's
(a) Research and development related costs		
The Company incurs the following expenditure, which is related to product research and development including direct costs and indirect management and overhead costs.[1]		
Employee costs	**4,567**	4,557
Laboratory costs	**4,970**	5,070
Facility costs	**1,036**	1,049
Other costs	**67**	241
Research and development related costs	**10,640**	10,917

1. This differs from the classification of research and development costs pursuant to AASB138 which only comprises direct costs.

6. Income tax

	2020 000's	2019 000's
(a) Income tax recognised in profit and loss		
Current tax	**-**	-
Deferred tax	**86**	(10)
Over/under provision in prior years	**-**	-
Income tax (benefit)/expense attributable to profit and loss	**86**	(10)
(b) Reconciliation of income tax (benefit)/expense		
The prima facie tax payable on loss before income tax is reconciled to the income tax (benefit)/ expense as follows:		
Loss before tax from continuing operations	**(9,385)**	(8,335)
Prima facie income tax payable on loss before income tax at 27.5% (2019: 27.5%)	**(2,581)**	(2,292)
Add/(subtract) tax effect:		
Non-deductible expenses	**109**	3
Research and development tax incentive	**(640)**	(1,120)
Non-assessable income	**(14)**	-
Tax losses not brought to account	**3,125**	3,337
Parent entity net adjustment and tax losses and temporary differences not brought to account	**87**	62
	2,667	2,282
Income tax (benefit)/expense attributable to loss	**86**	(10)
(c) Current tax		
Opening balance	**-**	(51)
(Over)/under provision in prior years	**-**	-
Provision for current year	**-**	-
Tax payments	**-**	51
Current tax (assets)/liability	**-**	-

	2020 000's	2019 000's
(d) Deferred Tax		
Deferred tax relates to the following:		
Deferred tax assets		
The balance comprises:		
Accruals and provisions	**192**	205
Leasehold improvements	**131**	138
Plant and equipment under lease	**17**	-
Patent expenses	**1,136**	1,102
Exchange differences	**4**	3
Tax losses research and development offset	**1,010**	914
	2,490	2,362
Deferred tax liabilities		
The balance comprises:		
Intangible assets	**(682)**	(471)
Prepayments	**(3)**	-
	(685)	(471)
Net deferred tax assets/(liabilities)	**1,805**	1,891

(e) Deferred tax assets not brought to account		
Temporary differences	**(161)**	(194)
Tax losses	**17,388**	14,270
	17,227	14,076

7. Dividends

	2020 000's	2019 000's
(a) Dividends paid and declared		
$nil dividends were paid during the financial year (2019: $nil)	**-**	-

(b Franking account

Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of income tax and dividends recognised as receivables, franking debits arising from payment of dividends and any credits that may be prevented from distribution in subsequent years:

	43,835	43,835

8. Loss per share

	2020 000's	2019 000's
Loss from continuing operations	**(9,471)**	(8,325)
Loss used in calculating basic and diluted earnings per shares	**(9,471)**	(8,325)

	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**167,768,974**	166,577,711
Effect of dilutive securities:		
Employee Share Options and Performance Rights	**-**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**167,768,974**	166,577,711
Basic loss per share (cents)	**(5.65)**	(5.00)
Diluted loss per share (cents)	**(5.65)**	(5.00)

9. Cash and cash equivalents

	2020 000's	2019 000's
Cash at bank	**1,206**	152
Deposits at call	**8,000**	18,000
	9,206	18,152

10. Receivables

	2020 000's	2019 000's
Receivables from contracts with customers	**190**	198
Allowance for credit losses	**-**	-
	190	198
Other receivables	**2,369**	2,103
Allowance for credit losses	**-**	-
	2,369	2,103
	2,559	2,301

(a) Impairment of receivables from contracts with customers and other receivables

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Group determines the losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset. The Group determined there to be to no expected credit loss as at 30 June 2020.

11. Other current assets

	2020 000's	2019 000's
Prepayments	**577**	487
	577	487

12. Plant and equipment

	Notes	2020 000's	2019 000's
Leasehold improvements			
At cost		**1,151**	1,151
Accumulated amortisation		**(1,127)**	(1,124)
Total leasehold improvements	12(a)	**24**	27
Plant and equipment			
At cost		**1,825**	1,605
Accumulated depreciation		**(1,088)**	(726)
Total plant and equipment	12(a)	**737**	879
Total plant and equipment		**761**	906

(a) Reconciliations

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

Leasehold improvements		
Carrying amount at beginning	**27**	30
Additions	**-**	-
Amortisation expense	**(3)**	(3)
	24	27
Plant and equipment		
Carrying amount at beginning	**879**	815
Additions	**258**	380
Disposals	**(4)**	-
Depreciation expense	**(386)**	(316)
	737	879

13. Intangible assets

	Notes	2020 000's	2019 000's
Capitalised development			
Estradiol			
External development expenditure capitalised		**1,071**	1,071
Accumulated amortisation		**(482)**	(375)
Total intangible assets	13(a)	**589**	696

(a) Reconciliation

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

Capitalised development		
Estradiol		
Carrying amount at beginning	**696**	803
Additions	**-**	-
Amortisation	**(107)**	(107)
	589	696

The remaining useful life of Estradiol Capitalised Development is approximately 5 years.

Further details of the impairment loss please see note 2(b) of the financial report.

14. Lease assets and lease liabilities

The following information relates to finance lease arrangements of the prior reporting period only and is presented in accordance with AASB16 Leases (which was applied by the Group for the first time in the current reporting period). The Group has an operating lease for its 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 2018, with a further three options to extend for three 3 years each. Acrux DDS Pty Ltd does not have an option to purchase the leased asset at the expiry of the lease period.

Lease liabilities are presented in the statement of financial position as follows:

Leased Assets	2020 000's
Carrying amount of lease assets, by class of underlying asset:	
Buildings under lease arrangements	
At cost	2,409
Accumulated depreciation	(201)
	2,208
Plant and equipment under lease arrangements	
At cost	142
Accumulated depreciation	(11)
	131
Total carrying amount of leased assets	2,339
Reconciliation of carrying amount of lease assets at the beginning and end of the financial year:	
Buildings under lease arrangements	
Carrying amount at 1 July 2019	2,409
Additions	-
Depreciation	(201)
Carrying amount at 30 June 2020	2,208
Plant and equipment under lease arrangements	
Carrying amount at 1 July 2019	-
Additions	142
Depreciation	(11)
Carrying amount at 30 June 2020	131
Lease Liabilities	
Lease liabilities (current)	167
Lease liabilities (non-current)	2,234
Total carrying amount of lease liabilities	2,401
Lease expenses and cashflows	
Interest expense on lease liabilities	191
Depreciation expense on lease assets	212
Total cash outflow in relation to leases	351

Non-cancellable operating lease arrangements 30 June 2019

The following information relates to non-cancellable operating lease arrangements of the prior reporting period only and is presented in accordance with the predecessor accounting standards, AASB 117 Leases. The Group has an operating lease for its 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 2018, with a further three options to extend for 3 years each. Acrux DDS Pty Ltd does not have an option to purchase the leased asset at the expiry of the lease period.

	2019 000's
Future minimum lease payments to be made:	
Not later than 1 year	312
Later than 1 year and not than 5 years	600
Aggregate of lease payments contracted for at reporting date	912

15. Payables

	2020 000's	2019 000's
Current		
Trade creditors	**1,025**	901
Sundry creditors and accruals	**853**	968
	1,878	1,869

16. Provisions

	2020 000's	2019 000's
Current		
Employee entitlements	**620**	547
Non-current		
Employee entitlements	**88**	81
Aggregate employee entitlements	**708**	628

17. Contributed equity

	2020		2019	
	No. of shares	000's	No. of shares	000's
(a) Issued and paid up capital				
Ordinary shares fully paid	**168,583,515**	**96,102**	166,577,711	95,873
(b) Movements in shares on issue				
Beginning of the financial year	**166,577,711**	**95,879**	166,521,711	95,873
Issued during the year:				
Conversion of rights under the Omnibus Equity Plan	**1,829,344**	**228**	56,000	6
Share issues under Omnibus Equity Plan	**176,460**	**30**	-	-
Contributions from share issues	**2,005,804**	**258**	56,000	6
At reporting date	**168,583,515**	**96,137**	166,577,711	95,879

(c) Share options and performance rights

Employee Share Option Plan

The Group operates two Employee Share Option Plans. During the financial year no options were exercised (2019: nil). Nil new options were issued under the plans during the financial year (2019: nil). Options hold no participation rights, but shares issued on exercise of options rank equally with existing shares. At 30 June 2020, nil options were held by key management personnel (2019: 1,000,000).

Omnibus Equity Plan

The Group operates an Omnibus Equity Plan, approved by shareholders at the 2017 Annual General Meeting. During the financial year 2,804,095 performance rights were issued under the plan (2019: 1,604,000). Performance rights hold no participation rights, but shares issued on exercise of performance rights rank equally with existing shares. At 30 June 2020, 6,293,054 performance rights were held by key management personnel (2019: 5,330,000).

The closing market value of an ordinary Acrux Limited share on the Australian Stock Exchange at 30 June 2020 was $0.145.

	2020	2019
(i) Movement in the number of share options held under Employee Share Option Plan are as follows:		
Opening balance	**1,000,000**	2,000,000
Granted during the year	**-**	-
Exercised during the year	**-**	-
Lapsed during the financial year	**(1,000,000)**	(1,000,000)
Closing balance	**-**	1,000,000
(ii) Details of share options exercised during the financial year:		
Proceeds from shares issued	**-**	-
Fair value as at issue date of shares issued during the financial year	**-**	-
(iii) Details of lapsed options		
Key management personnel	**1,000,000**	1,000,000
Employees	**-**	-
Lapsed during the year	**1,000,000**	1,000,000
(iv) Movement in the number of performance rights held under Omnibus Equity Plan are as follows:		
Opening balance	**6,235,000**	4,836,000
Granted during the year	**2,804,095**	1,604,000
Exercised during the year	**(1,829,344)**	(56,000)
Lapsed during the financial year	**(266,195)**	(149,000)
Closing balance	**6,943,556**	6,235,000
(v) Details of performance rights exercised during the financial year:		
Proceeds from shares issued	**-**	-
Fair value as at issue date of shares issued during the financial year	**228**	6

(vi) Details of lapsed rights

Key management personnel	**83,600**	-
Employees	**182,595**	149,000
Lapsed during the year	**266,195**	149,000

(d) Capital management

When managing capital, the Directors' objective is to ensure the entity continues as a going concern and optimises returns to shareholders and benefits for other stakeholders. During 2020 financial year, the Board paid dividends of $nil (2019: $nil). The amounts and ratio of future dividends have not been determined.

18. Share based payments

(a) Employee Share Option Plans

Details of the options granted are provided below:

Grant date	Expiry date	Exercise price	Balance at 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
22 July 2016	22 July 2019	$0.96	1,000,000	-	-	(1,000,000)	-	-
			1,000,000	-	-	(1,000,000)	-	-

The fair value of the options granted on 22 July 2016 was 19 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: $0.96

Grant date: 22 July 2016

Expiry date: 22 July 2019

Share price at grant date: $0.78

Expected price volatility of the Company's shares calculated using the movement in the share price over a 12 month period: 44%

Expected dividend yield: nil

(b) Omnibus equity plan

Details of performance rights granted are provided below:

Grant date	Expiry date	Balance at 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
14 November 2017	14 November 2024	4,000,000	-	(1,000,000)	-	3,000,000	-
25 January 2018	25 January 2025	668,000	-	(431,000)	-	237,000	237,000
23 November 2018	1 January 2023	800,000	-	(316,400)	(83,600)	400,000	80,000
4 February 2019	4 February 2026	767,000	-	-	(169,000)	598,000	-
9 December 2019	28 November 2026	-	2,149,998	(81,944)	-	2,068,054	276,388
3 February 2020	3 February 2027	-	654,097	-	(13,595)	640,502	-
		6,235,000	2,804,095	(1,829,344)	(266,195)	6,943,556	593,388

The weighted average remaining contractual life for performance rights outstanding at the end of the period was 6.45 years.

The fair value of the performance rights granted on 14 November 2017 was 12 cents per performance right at the date of grant.

Fair value was determined using the Monte Carlo simulation pricing model. The following inputs were utilised:
Grant date: 14 November 2017
Expiry date: 14 November 2024
Share price at grant date: $0.17
Expected price volatility of the Company's shares calculated using the movement in the share price over a 36 month period: 63%
Expected dividend yield: nil
Risk free rate: 2.24%

The fair value of the performance rights granted on 25 January 2018 was 14 cents per performance right at the date of grant.

Fair value was determined using the Monte Carlo simulation pricing model. The following inputs were utilised:
Grant date: 25 January 2018
Expiry date: 25 January 2025
Share price at grant date: $0.17
Expected price volatility of the Company's shares calculated using the movement in the share price over a 48 month period: 64%
Expected dividend yield: nil
Risk free rate: 2.45%

The fair value of the performance rights granted on 23 November 2018 was 19 cents per performance right at the date of grant.

Fair value was determined using the Monte Carlo simulation pricing model. The following inputs were utilised:
Grant date: 23 November 2018
Expiry date: 1 January 2023
Share price at grant date: $0.19
Expected price volatility of the Company's shares calculated using the movement in the share price over a 36 month period: 68%
Expected dividend yield: nil
Risk free rate: 2.31%

The fair value of the performance rights granted on 4 February 2019 was 16 cents per performance right at the date of grant.

Fair value was determined using the Monte Carlo simulation pricing model. The following inputs were utilised:
Grant date: 4 February 2019
Expiry date: 4 February 2026
Share price at grant date: $0.18
Expected price volatility of the Company's shares calculated using the movement in the share price over a 48 month period: 78%
Expected dividend yield: nil
Risk free rate: 1.82%

The fair value of the performance rights granted on 9 December 2019 was 18.5 cents per performance right at the date of grant.

Fair value was determined using the Monte Carlo simulation pricing model. The following inputs were utilised:
Grant date: 9 December 2019
Expiry date: 28 November 2026
Share price at grant date: $0.185
Expected price volatility of the Company's shares calculated using the movement in the share price over a 36 month period: 64%
Expected dividend yield: nil
Risk free rate: 0.62%

The fair value of the performance rights granted on 4 February 2019 was 15 cents per performance right at the date of grant.

Fair value was determined using the Monte Carlo simulation pricing model. The following inputs were utilised:

Grant date: 4 February 2020

Expiry date: 4 February 2027

Share price at grant date: $0.185

Expected price volatility of the Company's shares calculated using the movement in the share price over a 48 month period: 60%

Expected dividend yield: nil

Risk free rate: 0.65%

	2020 000's	2019 000's
(c) 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:		
Performance rights issued under the Omnibus Equity Plan	**355**	284
Issue of tax exempt shares	**30**	-
Total expenses recognised from share based payment transactions	**385**	284

The Group operates an Omnibus Equity Plan which was approved by members on 26 October 2017. On 3 February 2020, employees accepted 654,097 performance rights and 176,460 Exempt Shares offered by the Board under this Plan. The performance rights and shares were issued at nil cost and hold no participation rights.

Shares issued on exercise of rights rank equally with existing shares. Performance rights will vest annually, subject to performance hurdles being achieved. The Exempt shares will be escrowed for a period of 3 years from the date of issue.

19. Reserves and accumulated losses

	Notes	2020 000's	2019 000's
Share based payment reserve	19(a)	**582**	639
Accumulated losses	19(b)	**(83,870)**	(74,582)

(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 17 for details.

(ii) Movement in reserve

Balance at the beginning of year	**639**	581
Employee performance rights expense for the year	**126**	284
Employee share options previously expensed, that lapsed during the year	**(183)**	(226)
Balance at end of year	**582**	639

(b) Accumulated losses

Balance at the beginning of year	**(74,582)**	(66,483)
Employee share options that lapsed during the year	**183**	226
Net loss attributable to members of Acrux Limited	**(9,471)**	(8,325)
Balance at end of year	**(83,870)**	(74,582)

20. Cashflow information

	2020 000's	2019 000's
(a) Reconciliation of the cash flow from operations with loss after income tax:		
Loss from ordinary activities after income tax	**(9,471)**	(8,325)
Non-Cash Items		
Depreciation and amortisation	**708**	426
Share options expense	**385**	284
Impairment losses	**-**	-
Changes in assets and liabilities		
Decrease in tax liabilities	**-**	51
(Increase)/decrease in trade and other receivables	**(246)**	(2,040)
(Increase)/decrease in other current assets	**(81)**	(308)
Increase/(decrease) in payables	**6**	(86)
Increase/(decrease) in employee entitlements	**80**	70
Increase/(decrease) in deferred tax assets	**86**	(10)
	938	(1,613)
Net cash (outflows)/inflows from operating activities	**(8,533)**	(9,938)

(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:

Cash at bank	**1,206**	152
At call deposits with financial institutions	**8,000**	18,000
Closing cash balance	**9,206**	18,152

(c) Credit stand-by arrangement and loan facilities

The Group has credit card facilities with financial institutions available to the extent of $120,000 (2019: $120,000). As at 30 June 2020 the Group had unused facilities of $100,736 (2019: $112,798).

21. Non-controlling interests

The Group holds $nil (2019: nil) non-controlling interests at balance date.

22. 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:

	2020	2019
Compensation by category		
Short-term employment benefits	**1,448,891**	1,547,091
Post-employment benefits	**103,127**	107,971
Equity	**461,460**	174,310
	2,013,478	1,829,372

23. Loans to key management personnel

There were no loans made to Key Management Personnel during the financial year.

24. Related party disclosures

Wholly owned Group transactions

Loans

Loans were made between Acrux Limited and 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 was $560,732 (2019: $126,388).

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 $61,000 (2019: $59,389).

Other transactions with Key Management Personnel and their personally related entities

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.

25. Auditor remuneration

	2020 000's	2019 000's
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 Group	**86**	95
Taxation compliance and consulting	**19**	58
Other non-audit services	**-**	-
	105	153

26. Segment reporting

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

	2020 000's	2019 000's
Geographical segment information		
Revenue[1]		
Australia	**318**	583
Germany	**366**	311
United States	**432**	50
Other	**502**	270
	1,618	1,214

Product information		
Revenue by product group and services provided		
Lenzetto	**868**	581
Evamist	**69**	50
Other	**681**	583
	1,618	1,214

1. Does not include revenue expected to be received from the R&D Tax incentive.

27. Controlled entities

	Country of incorporation	2020	2019
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%

28. Parent entity details

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

	Parent entity	
	2020 000's	2019 000's
(a) Summarised statement of financial position		
Assets		
Current assets	**6,305**	7,355
Non-current assets[1]	**7,672**	7,112
Total assets	**13,977**	14,467
Liabilities		
Current liabilities	**249**	375
Non-current liabilities	**30**	22
Total liabilities	**279**	397
Net assets	**13,698**	14,070
Equity		
Share capital	**96,137**	95,879
Profit reserve	**7,390**	7,390
Accumulated losses	**(90,410)**	(89,838)
Share based payments reserve	**582**	639
Total equity	**13,698**	14,070
(b) Summarised statement of comprehensive income		
Loss for the financial year	**(754)**	(2,279)
Other comprehensive income for the financial year	**-**	-
Total comprehensive income for the financial year	**(754)**	(2,279)

1. Investment in subsidiaries are recognised initially at cost and subsequently carried at the lower of cost or recoverable amount. If the carrying value exceeds the recoverable amount, an impairment loss is recognised in the profit or loss of the parent which can subsequently be reversed in certain conditions.

29. Contingencies

There were no contingencies at 30 June 2020 (2019: nil).

30. Subsequent events

On 11 August 2020 Acrux DDS Pty Ltd has entered into an exclusive sales, marketing and distribution agreement with Harris Pharmaceutical Inc in the United States for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%).

On 19 August 2019, Acrux announced that the FDA had accepted Acrux's ANDA for its generic version of EMLA® Cream (Lidocaine 2.5% and Prilocaine 2.5%) for review. Sales generated by EMLA® and its generic equivalents (which Acrux's generic version will compete with) exceeded US$22 million in the 12 months to the end of March 2020, based on IQVIA data. Subject to the product's approval by the FDA, Harris will be responsible for the commercialisation of the product, including the coordination of commercial manufacturing and management of marketing and distribution. Acrux and Harris will share the gross profits generated from the sales of the product and the agreement will have a 5-year term from product launch, unless otherwise agreed.

31. Significant changes in the state of affairs

On 11th March 2020 the World Health Organisation declared an ongoing global outbreak of a novel coronavirus, known as 'coronavirus disease 2019' ('COVID-19') as a pandemic. Acrux has largely maintained its operational activity during 2020 and has implemented a series of precautionary measures in line with the Victorian Government recommendations including enhanced daily cleaning services, administration staff working from home, educating all staff on appropriate hygiene and social distancing requirements and activating business continuity plans internally and with business partners. Acrux has also prepared and implemented a COVID Safe Plan which all employees and visitors must follow.

While the broader economy has been impacted significantly, the Group has experienced a limited impact from the COVID-19 operating environment. The COVID-19 operating environment has in some cases affected operations at our clinical research organisations (CROs) and CMOs that has caused delays to some projects to date. There have been no significant implications to either revenue or operational expenditure in the current period. There may however be longer term implications beyond the balance date, the extent of which the Company cannot estimate.

32. Company details

The registered office of the Company is:

Acrux Limited
103–113 Stanley Street
West Melbourne VIC 3003

Directors' Declaration

The Directors of the company declare that:

1. In the Directors' opinion, the financial statements and notes thereto, as set out on pages 32 to 59, are in accordance with the *Corporations Act 2001* including:

   (a) complying with Australian 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) giving a true and fair view of the financial position of the Group as at 30 June 2020 and of its performance for the year ended on that date.

2. 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 section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2020.

Signed in accordance with a resolution of the Directors made pursuant to S295(5) of the *Corporations Act 2001*.

Ross Dobinson
Non-executive Chairman

Melbourne
Dated this 24th Day of August 2020

Geoff Brooke
Non-executive Director

Melbourne
Dated this 24th Day of August 2020

Independent Auditor's Report

ACRUX LIMITED
AND CONTROLLED ENTITIES
ABN 72 082 001 152

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACRUX LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Acrux Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ACRUX LIMITED
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ABN 72 082 001 152

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACRUX LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Assessment of impairment of Intangible Assets Refer to page 33 Consolidated Statement of Financial Position, note 2(b) on page 42 and note 13 on page 49.	
The Group has $0.59 million ($0.70 million as at 30 June 2019) of capitalised development costs as at 30 June 2020 after accumulated amortisation and impairment loss. We view intangible assets in relation to capitalised development costs to be a Key Audit Matter due to the management judgement required in making Discounted Cash Flow (DCF) model assumptions such as discount rate, growth rate, foreign exchange rate and forecast cashflows.	Our procedures included amongst others: • Critically evaluating management's DCF model methodology and their key assumptions utilised; • Testing the mathematical accuracy of the DCF model and assessing forecast cash flows to external data; • Performing sensitivity analysis around the discount rate, growth rates and foreign exchange rate used in the DCF model; • Understanding and evaluating management's processes and controls around the impairment of intangible assets; and, • Assessing the appropriateness of the disclosures included in Notes 2 and 13 to the financial report in respect of impairment testing and sensitivity analysis.

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

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of Deferred Tax Assets Refer to note 1(k) on page 39, note 2(a) on page 42 and note 6 on page 46.	
The Group has $1.80 million ($1.89 million as at 30 June 2019) of deferred tax assets recognised as at 30 June 2020 relating to timing differences and Research and Development offset incurred by the subsidiary Acrux DDS Pty Ltd. The ability to recognise the deferred tax assets is dependent upon the probable generation of sufficient future taxable profit in order for the benefits of the deferred tax assets to be realised, in accordance with AASB 112. These benefits are realised by reducing tax payable on future taxable profits. We view the deferred tax assets as a Key Audit Matter due to the management judgement required in forecasting future taxable profit. Management's assumptions include but are not restricted to: • Ongoing profitable contract research and development activities; • Successful commercialisation of generics; and • The number of competitors in the market, market share and royalty rates.	Our procedures included amongst others: • Reviewing and assessing management's key assumptions relating to the forecasts of future taxable profit and evaluating the reasonableness of these assumptions; • Undertaking sensitivity analysis around the forecast cashflows in order to challenge management's assumptions; • Understanding and evaluating management's processes and controls around the recognition of deferred tax assets; and • Assessing the appropriateness of the disclosures included in Note 6 in respect of current and deferred tax balances.

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

Other Information – The annual report is not complete at the date of the audit report

The directors are responsible for the other information. The other information comprises the Directors Report which was obtained as at the date of our audit report, and any additional other information included in the Company's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgment to determine the appropriate action to take.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 29 of the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Acrux Limited and its controlled entities, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

24 August 2020

Shareholder Information

Additional information required by Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report, as at 20 August 2020:

Shareholders

The Company has 168,665,459 ordinary fully paid shares on issue, held by 5,557 shareholders, and 6,861,612 performance rights outstanding held by 38 people. The Company does not have any other equity securities on issue. Only the holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. No voting rights attach to the performance rights.

All fully paid ordinary shares are quoted on the Australian Securities Exchange. No other equity securities of the Company are quoted on the Australian Securities Exchange. The Company has not had, and neither is there currently, any on-market buy back.

Distribution Schedule

The following is a distribution schedule of the number of holders of fully paid ordinary shares in the Company within the bands of holding specified by the ASX Listing Rules:

Category	Number of Shareholders	Securities
1 to 1,000	1160	619,406
1,001 to 5,000	1870	5,506,965
5,001 to 10,000	874	7,070,229
10,001 to 50,000	1156	27,869,643
50,001 to 100,000	251	18,257,968
100,001 and Over	246	109,341,248
Total	5557	168,665,459

2,125 shareholders hold less than a marketable parcel of fully paid ordinary shares (being the Company's main class of securities), based on the market price at the date set out above.

Substantial Holders

Name	Number of fully paid ordinary shares
Samuel Terry Asset Management Pty Ltd	10,232,371
DDH Graham Ltd	9,767,196

Under the ASX Listing Rules "Substantial Holder" means, in general terms, a person who either alone or with their associates has an interest in 5% or more of the voting shares of the Company.

Shareholder information continued

Twenty Largest Holders of Fully Paid Ordinary Shares in Acrux Limited

	Shareholder	Number of fully paid ordinary shares	Percentage of total capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,082,250	6.57
2	DDH GRAHAM LIMITED	9,767,196	5.79
3	CITICORP NOMINEES PTY LIMITED	3,165,009	1.88
4	MNM CAPITAL PTY LTD	2,915,672	1.73
5	ASHWOOD RIVER PTY LTD	2,600,000	1.54
6	HISHENK PTY LTD	2,500,000	1.48
7	MR IAN VICTOR LANCINI & MRS DEBRA ANN LANCINI	2,045,000	1.21
8	DURBIN SUPERANNUATION PTY LTD	2,010,000	1.19
9	PACIFIC CUSTODIANS	1,981,748	1.17
10	MR ROSS DOBINSON	1,745,537	1.03
11	MNM CAPITAL PTY LTD	1,640,647	0.97
12	MR CHRISTOPHER MURRAY ABBOTT	1,600,000	0.95
13	NEWECONOMY COM AU NOMINEES PTY LIMITED	1,551,270	0,92
14	ASIA UNION INVESTMENTS PTY LIMITED	1,500,000	0.89
15	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	1,228,991	0.73
16	ADAM JAMAL	1,218,727	0.72
17	MR DAVID ANDREW SLOBOM & MRS LINDA JANE SLOBOM	1,218,513	0.72
18	MS LINLIN LI	1,193,000	0.71
19	MR GARY LESTER HANIKERI	1,150,000	0.68
20	DR THOMAS VUI CHUNG CHAI	1,120,601	0.66
		53,234,161	31.57

Market Listing

Acrux Limited is quoted on the Australian Securities Exchange (ASX). Share prices can be obtained from most Australian national newspapers and from the ASX website (www.asx.com.au). The shares of the Company are not quoted on any other stock exchange.

The following are the share prices for the end of each quarter of the financial year ending 30 June 2020:

Quarter ended 30 September 2019 – 18.0 cents

Quarter ended 31 December 2019 – 19.0 cents

Quarter ended 31 March 2020 – 11.0 cents

Quarter ended 30 June 2020 – 14.5 cents

The closing share price on 20 August 2019 was 17.0 cents

Pooled Development Fund

The information set out below is of a general nature only and may vary from person to person (dependent on their circumstances). Any shareholder or prospective shareholder should obtain their own taxation advice, rather than relying on this summary.

Acrux Limited is a Pooled Development Fund (PDF) that has been registered under the Pooled Development Fund Act 1992 ("the PDF Act") since 7 July 1999. A PDF is a company that is resident in Australia and is registered and regulated by the PDF Registration Board in accordance with the PDF Act.

Shareholders in the Company will be entitled to concessionary tax treatment in Australia for income and capital gains derived in connection with their shareholding. The concessionary tax treatment should be available to investors that hold their interests directly and indirectly through non-corporate trusts and partnerships.

Gains realised by an investor on the disposal of shares in the Company will not be included in the investor's assessable income in Australia. This is because:

- Where the gain on sale would be ordinary income of the investor, the gain will be treated as exempt income; and
- Where the gain on sale would be a capital gain it is specifically excluded from the capital gains tax provisions of the Tax Act.

Equally, an investor will not be entitled to any deduction or capital loss on the sale of the Company's shares. Shares held in a PDF cannot be held as trading stock. Accordingly, share traders cannot treat PDF shares as trading stock.

Unfranked dividends received by an Australian resident shareholder from the Company will be exempt from tax in the hands of the shareholder. Franked dividends will also be exempt from tax unless the shareholder elects to treat the franked dividend as taxable.

Broadly, Australian resident shareholders who hold the Company's shares at risk (in accordance with the Tax Act) for 45 days or more may elect to treat franked dividends paid by the Company as assessable income, and claim the tax offset available in respect of the dividend. The tax offset will be equal to the franking credit attaching to the dividend received. Where the tax offset available exceeds the shareholder's highest marginal tax rate, the shareholder may be entitled to receive a refund of tax in respect of the excess franking credit.

Australian corporate tax entities are entitled to benefit from the franking credits attaching to the franked portion of the dividends paid by the Company, irrespective of whether the corporate tax entity treats the dividend as exempt income or elects to treat it as assessable income. Accordingly, an Australian corporate may credit its franking account with franking credits attaching to a dividend from the Company regardless of whether or not they have elected to treat the dividend as exempt or assessable income.

Dividends paid by Acrux to non-residents will not be subject to withholding tax regardless of whether or not they are franked or unfranked.

Should the Company cease to be a PDF, each shareholder will be deemed to have sold their shares immediately before the Company ceased to be a PDF and to have acquired the shares at their market value immediately after the Company ceased to be a PDF. Any gain or loss realised on the sale after that time, calculated by reference to the deemed acquisition cost, will be subject to the general provisions of the Tax Act and any such gain may be included in the shareholder's assessable income.

Glossary

Term	Abbreviation	Description
Abbreviated New Drug Application	ANDA	Abbreviated New Drug Applications (ANDAs) are termed "abbreviated" because they are generally not required to include preclinical (animal) and clinical (human) data to establish safety and effectiveness of a generic drug product. Instead, generic applicants must scientifically demonstrate that their product is bioequivalent (i.e., performs clinically in the same manner as the innovator drug). Once approved, an applicant may manufacture and market the generic drug product to provide a safe, effective, low cost alternative. All approved products, both innovator and generic, are listed in FDA's Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book).
Active Pharmaceutical Ingredient	API	Also known as drug substance. A substance used in a finished pharmaceutical product, intended to furnish pharmacological activity or to otherwise have direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease, or to have direct effect in restoring, correcting or modifying physiological functions in human beings.
Addressable market		Sales value for a pharmaceutical product and dosage form. The data is obtained from IQVIA for products for which an Acrux product will directly compete when approved.
Amring Pharmaceuticals Inc.		Amring Pharmaceuticals Inc. is a privately held generic pharmaceutical company active in global markets geared to supplying unique and specialised products and is partnered with well-established global biopharmaceutical companies. Amring is uniquely positioned to leverage its partners' expertise in bringing biotechnology derived medicines, as well as patient friendly drug delivery systems, sterile manufacturing and other state-of-the-art technologies to the marketplace.
Axiron®		Brand name for Acrux's testosterone replacement therapy solution product that was formerly licensed globally to Lilly. The Axiron® trademark is owned by Eli Lilly.
Bioequivalence/ Bioavailability		Bioequivalence studies compare the bioavailability of the proposed drug product with that of the Reference Listed Drug (RLD) product containing the same active ingredient. Bioequivalence is defined as the absence of a significant difference in the rate and extent to which the drug (active ingredient) becomes available at the site of drug action when administered at the same dose under similar conditions.
Competitive Generic Therapies	CGT	The FDA Reauthorization Act of 2017 (FDARA) created a new pathway by which FDA may, at the request of the applicant, designate a drug with "inadequate generic competition" as a competitive generic therapy (CGT). At the request of the applicant, FDA may also expedite the development and review of an abbreviated new drug application (ANDA) for a drug designated as a CGT. FDARA created a new type of 180-day exclusivity, different from 180-day patent challenge exclusivity, for the first approved applicant of a drug with a CGT designation for which there were no unexpired patents or exclusivities listed in the Orange Book at the time of original submission of the ANDA.
Contract Manufacturing Organisation	CMO	A CMO is a company that serves other companies in the pharmaceutical industry on a contract basis to provide services that include product scale and commercial drug manufacturing.
Contract Research Organisation	CRO	A CRO is a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis.
Estradiol		Estradiol is a form of estrogen, a female sex hormone produced by the ovaries. Estrogen is necessary for many processes in the body.
Evamist®		Brand name for Acrux's unique Estradiol spray product in the United States. The Evamist® trademark is owned by Lumara Health.
Ellavie®		Alternative brand name for Acrux's Estradiol spray product. The Ellavie® trademark is owned by Acrux.
Food and Drug Administration	FDA	The FDA is responsible for protecting and promoting public health through the regulation and supervision of prescription, over-the-counter pharmaceutical drugs (medications), vaccines, biopharmaceuticals and veterinary products in the United States.
Gedeon Richter		Gedeon Richter Plc., headquartered in Hungary, is a major pharmaceutical company in Central Eastern Europe, with an expanding direct presence in Western Europe. Richter's consolidated sales were approximately EUR 1.4 billion, while its market capitalization amounted to EUR 3 billion in 2018. The product portfolio of Richter covers a range of therapeutic areas, including gynaecology, central nervous system, and cardiovascular areas. Richter is a significant player in the female healthcare field worldwide.
Generic medicine		A generic medicine is a medicine that provides the same quality, safety and efficacy as the original brand name product and which undergoes strict scrutiny before it is licensed and given market approval by national regulatory authorities.
Harris		Harris Pharmaceutical, Inc is a diversified team of healthcare veterans, able to provide their customers and partners first hand experience in all aspects of the dermatology niche – as clinicians, prescribers, drug developers & business professionals. Harris Pharmaceutical is committed to manufacturing and promoting safe and effective dermatologic products for sales and distribution to customers in all channels of trade.

Term	Abbreviation	Description
In-vitro Permeation Testing	IVPT	In-vitro permeation testing studies across biological membranes for formulations that are applied to the skin are vital to guide product development and establish product bioequivalence. IVPT is a critical tool for understanding drug delivery into the various layers of skin and can aid in formulation selection.
In-vitro Release Testing	IVRT	Measurement of drug release from complex dosage forms intended for topical application is important for some drug product bioequivalence testing. IVRT allows for targeted and systematic drug development and guides the establishment of therapeutic equivalence. IVRT involves subjecting the drug formulation to a set of conditions that will induce drug release across a membrane and quantitating the amount of drug released under those conditions. In development, it is an essential test in assessing differences between formulations, predicting the timeframe of API release and modelling in vivo behaviour.
IQVIA (formerly IMS)		IQVIA, formerly Quintiles and IMS Health, Inc., is a US based multinational company serving the combined industries of health information technology and clinical research. IQVIA provides, on a subscription basis, an analytics platform that lets you analyse pharmaceutical industry-leading sales data from over 90 countries in a standardised and comparable way.
Lenzetto®		Brand name for Acrux's unique Estradiol spray in the European Union. The Lenzetto® trademark is owned by Gedeon Richter.
New Drug Application	NDA	New Drug Application. When the sponsor of a new drug believes that enough evidence on the drug's safety and effectiveness has been obtained to meet FDA (or other national health regulator) requirements for marketing approval, the sponsor submits to the regulator a new drug application (NDA). The application must contain data from specific technical viewpoints for review, including chemistry, pharmacology, medical, biopharmaceutics, and statistics. If the NDA is approved, the product may be marketed in the in that country.
Onychomycosis		Onychomycosis is a fungal infection of the toenails or fingernails that may involve any component of the nail unit, including the matrix, bed, or plate. Onychomycosis can cause pain, discomfort, and disfigurement and may produce serious physical and occupational limitations, as well as reducing quality of life.
Orange Book		The publication Approved Drug Products with Therapeutic Equivalence Evaluations is commonly known as the Orange Book and identifies drug products approved on the basis of safety and effectiveness by the Food and Drug Administration (FDA) under the Federal Food, Drug, and Cosmetic Act and related patent and exclusivity information.
Paragraph IV filing or Paragraph 4 filing	PIV	A type of ANDA submitted during the patent term of the originator product. The filing asserts that either the patents supporting the originator product are invalid or that they are not applicable ("not infringed") to the product that is the subject of the ANDA.
Pharmacokinetic	PK	Pharmacokinetics is defined as the study of the time course of drug absorption, distribution, metabolism, and excretion.
Pooled Development Fund	PDF	Refer to separate section in the Annual Report for an overview of PDF or the following website www.business.gov.au/assistance/pooled-development-funds
Product-Specific Guidance	PSG	To further facilitate generic drug product availability and to assist the generic pharmaceutical industry with identifying the most appropriate methodology for developing drugs and generating evidence needed to support ANDA approval, FDA publishes product-specific guidances describing the FDA's current thinking and expectations on how to develop generic drug products therapeutically equivalent to specific reference listed drugs.
Reference Listed Drug	RLD	An RLD is an approved drug product to which new generic versions are compared to show that they are bioequivalent.
Testosterone		Testosterone is a naturally occurring sex hormone that is produced in a man's testicles.
Transdermal		Transdermal is a route of administration wherein active pharmaceutical ingredients are delivered across the skin for systemic distribution. Examples include Axiron, Evamist and Lenzetto.
Topical		Topical is a route of administration wherein active pharmaceutical ingredients are applied to, or affect a localised area of the body.
TruPharma LLC		TruPharma (private) is a company focussed on sales, marketing and distribution of high quality prescription pharmaceutical product in the U.S market. TruPharma partners with skilled developers and reliable manufacturers to bring niche and limited supply products to its customers. TruPharma is owned and operated by seasoned executives with extensive experience overcoming legal and regulatory hurdles to FDA approvals, selling products to all classes of trade. TruPharma's independence and experience has made it a front-end partner of choice for companies targeting the US pharmaceutical market.

Corporate Directory

Directors

Ross Dobinson – Non-executive Chairman

Tim Oldham – Non-executive Director

Geoff Brooke – Non-executive Director

Michael Kotsanis – CEO and Managing Director

Norman Gray – Non-executive Director
(appointed 28 November 2019)

Simon Green – Non-executive Director
(resigned 28 November 2019)

Company Secretary

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Information about the Company, including disclosures to the Australian Stock Exchange, can be found on the Company's website.

If you require further information about Acrux, please contact Deborah Ambrosini, the Company's Chief Financial Officer & Company Secretary on +61 3 8379 0100.

Australian Business Number

72 082 001 152

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