# 2011 AGM CHAIRMAN'S ADDRESS

I am pleased to comment on the Company's progress.

Axiron is continuing to achieve strong market share and we believe that shareholders will receive optimal benefit from this from late in 2012. Achieving a dominant position in a blockbuster drug category is not achieved quickly or easily, however we are very pleased with Lilly's execution to date and the market uptake of Axiron since its US launch in April.

Patient investors were rewarded when Acrux conducted the capital raising to fund the Phase III trial for Axiron. We expect that investors who are patient during the market building phase for Axiron will be equally well rewarded. Incremental benefits should also flow from the veterinary pharmaceutical development programs being undertaken with Lilly.

As noted in our recent advice to shareholders, our operating costs are being significantly offset by revenue from contract work being undertaken for Lilly. We expect this work to further enhance Axiron's commercial potential over the medium term.

We have also been pursuing a complementary product concept which may create significant shareholder value. This is being done using a carefully staged development process to ensure shareholders' funds are not put at risk. The project will be pursued more aggressively when and if it has been materially derisked. The concept will remain confidential in the interim.

In summary it has been another productive year for Acrux. I would like to thank our staff and shareholders for their continued support. I shall now hand over to Richard for a more detailed presentation on the Company's progress.

Ross Dobinson
Chairman