UNILIFE CORP

FORM 10-K/A
(Amended Annual Report)

Filed 10/24/16 for the Period Ending 06/30/15

Address	250 CROSS FARM LANE YORK, PA 17406
Telephone	(717) 384-3400
CIK	0001476170
Symbol	UNIS
SIC Code	3841 - Surgical and Medical Instruments and Apparatus
Industry	Medical Equipment, Supplies & Distribution
Sector	Healthcare
Fiscal Year	06/30

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A
(Amendment No. 1)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended June 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-34540

UNILIFE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**27-1049354**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
250 Cross Farm Lane, York, Pennsylvania	**17406**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (717) 384-3400

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity held by non-affiliates of the registrant as of December 31, 2014 was $339.5 million, computed by reference to the closing sale price of our common stock. The aggregate market value of the common equity held by non-affiliates of the registrant as of December 31, 2015 was $69.8 million, computed by reference to the closing sale price of our common stock. For purposes of the foregoing calculations only, the registrant assumed that all officers and directors of the registrant are affiliates.

As of October 17, 2016, 17,342,043 shares of the registrant's common stock were outstanding. Such amount reflects a 1-for-10 reverse split of the Company's common stock effected on May 13, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement filed with the Commission on October 2, 2015 pursuant to Regulation 14A in connection with the registrant's 2015 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

Explanatory Note

Unilife Corporation (the "Company," "we," "our" or "us") is filing this Amendment No. 1 on Form 10-K/A (the "2015 10-K Amendment") to amend its Annual Report on Form 10-K for the fiscal year ended June 30, 2015 (the "Original Filing" and, as amended hereby, this "Annual Report on Form 10-K"), which was originally filed with the U.S. Securities and Exchange Commission (the "SEC") on September 14, 2015.

Subsequent to our filing of the Original Filing, the Company announced an investigation into violations of the Company's policies and procedures and possible violations of law and regulation by the Company's former Chief Executive Officer, Alan Shortall, whose employment with the Company ceased on March 11, 2016, and its former Chairman, Jim Bosnjak, who resigned from the Company's Board of Directors (the "Board") on August 24, 2015 (the "Investigation").

The Investigation identified certain related party and other transactions which the Company had not previously publicly disclosed or recorded in its financial statements. As a result, the Company is filing the 2015 10-K Amendment and is concurrently filing (i) an amendment to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015 (the "September 2015 10-Q Amendment"); and (ii) an amendment to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2015 (the "December 2015 10-Q Amendment"). These amendments are being made to correct immaterial errors in the previously reported financial statements and to disclose certain material weaknesses in the Company's internal control over financial reporting and disclosure controls and procedures. See "Explanatory Note – Summary of Amendments" below for a summary of the specific amendments reflected in the 2015 10-K Amendment, the September 2015 10-Q Amendment and the December 2015 10-Q Amendment.

Concurrently with the filing of the 2015 10-K Amendment, the September 2015 10-Q Amendment and the December 2015 10-Q Amendment, the Company is also filing (a) the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016 (the "March 2016 Form 10-Q"), the filing of which was delayed as a result of the Investigation; and (b) the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2016, the filing of which was delayed as a result of the Investigation (the "2016 10-K").

Common Stock Reverse Stock Split

On May 13, 2016, pursuant to prior stockholder authorization, the Company effected a reverse split of the Company's common stock, pursuant to which every ten (10) shares of common stock outstanding before the reverse split were converted into one (1) share of common stock after the reverse split. All share and per share amounts, and exercise and conversion prices for all periods presented herein have been adjusted to reflect the reverse split as if it had occurred at the beginning of the first period presented.

Except as set forth herein, the information contained in the Original Filing has not been updated to reflect any subsequent events and should be read in conjunction with the Company's other filings made with the SEC, including the September 2015 10-Q Amendment, the December 2015 10-Q Amendment, the March 2016 Form 10-Q and the 2016 10-K. Investors should pay particular attention to the risk factors set forth in Part I, Item 1A. Risk Factors of the 2015 10-K Amendment when reading the 2015 10-K Amendment and the Company's other filings with the SEC.

Background and Results of the Investigation

The Company announced the Investigation on May 8, 2016. The Board established a Special Committee to oversee the Investigation. Independent counsel conducted the Investigation with the assistance of an advisory firm with forensic accounting expertise. The Investigation was completed on October 7, 2016.

Set forth below is a summary of the final results of the Investigation, all of which have been previously disclosed.

Bosnjak Mortgage Correspondence

In 2015, Mr. Shortall and Mr. Bosnjak, without authorization from or knowledge of the Company or its Board, caused to be transmitted to a mortgage broker for Mr. Shortall correspondence from Mr. Bosnjak that contained inaccurate statements about the Company's financial support for Mr. Shortall's purchase of and relocation to a new home. The investigation into the matters described in this paragraph did not identify any financial loss to the Company and the Company has corrected the inaccurate statements to the mortgage broker.

Shortall Fund Transfers

Mr. Shortall deposited $2,264,475 (the "Shortall Funds") of his own funds into the Company's bank account on June 29, 2015 and then caused the Company to disburse from the Shortall Funds $1,351,553 to third parties to complete Mr. Shortall's purchase of his new home on July 23, 2015, and the remainder back to himself on July 28, 2015.

In addition to the Shortall Funds, during fiscal years 2013 through 2016, under Mr. Shortall's direction, the Company accepted checks and wires from Mr. Shortall in the aggregate amount of approximately $340,000 and disbursed the same amount of funds to Mr. Shortall or his designees but did not deposit such checks or receive such wires from Mr. Shortall until five days to thirty-six days after the Company's disbursement of the funds. The Company believes such transactions constituted loans from the Company to Mr. Shortall. In addition, Mr. Shortall wired funds and provided personal checks to the Company in the aggregate amount of approximately $253,000, not including the Shortall Funds, which wires and checks the Company received and deposited, as applicable, prior to or within a day of the Company disbursing the same amounts to Mr. Shortall. The transfers described under the above heading, "Shortall Fund Transfers" are referred to herein as the "Shortall Fund Transfers."

The investigation into the matters described in this section entitled "Shortall Fund Transfers" did not identify any financial loss to the Company.

Bosnjak Payments to Mr. Shortall

Mr. Shortall and Mr. Bosnjak failed to disclose to the Company $170,000 in personal payments during 2011 from Mr. Bosnjak to Mr. Shortall which payments did not involve Company funds, and also failed to disclose that, during the period from 2010 to Mr. Bosnjak's resignation, Mr. Shortall, for reasons that the Company has been unable to determine, expected to be paid or loaned substantial amounts of money by Mr. Bosnjak. The investigation into the matters described in this paragraph did not involve Company funds and did not identify any financial loss to the Company.

Bosnjak Loan Payments and Unreimbursed Personal Expenses

Between July 2014 and July 2015, Mr. Shortall caused approximately $62,000 in Company funds to be transmitted to a third party, which fund transmittals the Company believes were made for the purpose of satisfying certain of Mr. Bosnjak's commitments to pay interest to such third party on a loan secured by some of Mr. Bosnjak's shares of Company stock (the "Bosnjak Loan Payments"). The Company believes that the Bosnjak Loan Payments constituted loans from the Company to Mr. Bosnjak, and the Company is evaluating potential actions to recover these funds.

From fiscal 2013 through fiscal 2016, Mr. Shortall caused the Company to pay for personal expenses, approximately $88,000 of which was not repaid to the Company (the "Unreimbursed Personal Expenses"). The Company believes the Unreimbursed Personal Expenses constituted loans from the Company to Mr. Shortall, and the Company has demanded repayment of the Unreimbursed Personal Expenses.

Other than as described in this section entitled "Bosnjak Loan Payments and Unreimbursed Personal Expenses," the Investigation did not identify any financial loss to the Company. The Company is evaluating claims it may have arising from matters identified by the Investigation as well as any additional actions it may determine to pursue with respect to these claims. With respect to the Bosnjak Loan Payments and Unreimbursed Personal Expenses, because collection of such amounts is uncertain, the Company has concluded that such amounts were recorded appropriately in the Company's financial statements in the applicable periods as Selling, General and Administrative Expense.

Advanced Withholding Payments

In March 2016, July 2015 and December 2014, in connection with the vesting of restricted shares of the Company's common stock, the Company paid associated withholding taxes on behalf of three executive officers, its Vice President of Quality and Regulatory Affairs and Chief Compliance Officer, its Senior Vice President and Chief Commercial Officer, and its former

President and Chief Operating Officer, in an aggregate amount of approximately $240,000 prior to being reimbursed by such executive officers (the "Advanced Withholding Payments"). With the exception of one $400 underpayment, which the Company collected in July, 2016, such executive officers repaid the Company in full within a range of 18 to 120 days from the date of the withholding payment. The Company believes such advances constituted loans.

Founder Transactions

The Company investigated (the "Founders' Shares Investigation") certain issues related to the November 2009 issuance (the "UMSL Share Issuance") of shares by Unilife Medical Solutions Limited ("UMSL") to one of the Company's founding shareholders, Roger Williamson, and whether Mr. Shortall may have been a beneficial owner of the UMSL shares or the CHESS Depositary Interests ("CDIs") issued by the Company (the "Founder CDIs") in exchange for the UMSL shares in connection with UMSL's redomiciliation from Australia to Delaware in January 2010.

In connection with the Founders' Shares Investigation, the Company determined that the UMSL Share Issuance was a valid corporate action. While the Company believes as a result of the Investigation that Mr. Shortall had business relationships unrelated to the Company with Mr. Williamson, the Company did not find sufficient evidence to conclude that Mr. Shortall was the beneficial owner of the Founder CDIs.

The Company initially disclosed the UMSL Share Issuance in its Registration Statement on Form 10, which became effective on February 11, 2010 (the "Form 10"). In connection with the Founders' Shares Investigation, the Company discovered that, as of the effective date of the Form 10, Mr. Williamson was the beneficial owner of 21,782,241 CDIs, representing approximately 6.75% of the Company's common stock, but lacks access to sufficient information to determine whether Mr. Williamson was the beneficial owner of additional Company securities. The Form 10 did not disclose Mr. Williamson's beneficial ownership of Company securities.

The Founders' Shares Investigation did not identify any financial loss to the Company.

The Company has reported information regarding the Investigation to the SEC.

Controls and Procedures Considerations

As a result of the findings of the Investigation, management, under the supervision of the Company's new CEO and the Company's CFO, and oversight of the Board, conducted a reevaluation of the effectiveness of the Company's internal control over financial reporting as of June 30, 2015 based on the COSO 1992 Framework. Based on this reevaluation, management has determined that under the oversight of the Board and the leadership of Mr. Shortall, the Company did not have an effective control environment, risk assessment process, information and communication process and monitoring activities. Additionally, because of the Company's findings from the Investigation, the Company is unable to rely on certain personnel, processes and internal controls, and as such, that various material weaknesses existed at June 30, 2015. In light of such material weaknesses, management has concluded that the Company's internal control over financial reporting was ineffective as of June 30, 2015. In addition, the Company has concluded that, as of such dates, there were material weaknesses in the Company's disclosure controls and procedures (together with the material internal control weaknesses, the "Material Weaknesses") as a result of the material internal control weaknesses.

The Company is committed to remediating the Material Weaknesses as promptly as possible and the implementation of the Company's remediation plans has commenced. See Part II, Item 9A. Controls and Procedures below for additional information regarding the Material Weaknesses and such remediation process.

Summary of Amendments

As noted above, (i) the Company's receipt and disbursement of the Shortall Funds were not reflected in the Company's relevant financial statements originally filed with the SEC; (ii) none of the Company's receipt and disbursement of the Shortall Funds, the Shortall Fund Transfers, the Bosnjak Loan Payments, the Unreimbursed Personal Expenses and Advanced Withholding Payments

(collectively, the "Related Party Transactions") was reflected in the Company's relevant related party disclosures originally filed with the SEC; and (iii) as a result of the Investigation, management has determined that the Material Weaknesses existed as of June 30, 2015, as of the end of each of the first three quarters of fiscal 2016, and as of June 30, 2016.

As a result of the foregoing, the Company is filing the 2015 10-K Amendment, the September 2015 10-Q Amendment and the December 2015 10-Q Amendment. These amendments are being made to correct immaterial errors in the previously reported financial statements and to disclose the Material Weaknesses. In addition, the Material Weaknesses that existed as of March 31, 2016 and June 30, 2016 and the relevant Related Party Transactions are disclosed where appropriate in the March 2016 Form 10-Q and the 2016 10-K. The amended documents and the March 2016 Form 10-Q and the 2016 10-K have all been filed concurrently.

The specific amendments reflected in the 2015 10-K Amendment, the September 2015 10-Q Amendment and the December 2015 10-Q Amendment are summarized below.

Amendments Reflected in the 2015 10-K Amendment

The 2015 10-K Amendment is being filed by the Company to amend the following sections of the Original Filing:

- The Section entitled "Cautionary Note Regarding Forward-Looking Information": to add disclosure regarding certain risks;
- Part I, Item 1A. Risk Factors: to add disclosure regarding certain risks;
- Part II, Item 6. Selected Financial Data: to record the related party restricted cash balance equal to the Shortall Funds ($2,264,475);
- Part II, Item 8. Financial Statements and Supplementary Data: to correct the immaterial errors discovered as a result of the Investigation to:
    - record the related party restricted cash balance equal to the Shortall Funds ($2,264,475) and the same amount as due to a related party on the consolidated balance sheet and to record the receipt of the Shortall funds and the corresponding amount due to a related party within the operating section of the Company's consolidated statement of cash flows,
    - identify each of the Related Party Transactions as related party transactions and to add disclosure regarding the same; and
    - amend the reports of the Company's independent registered public accounting firm, KPMG LLP, regarding the Company's internal control over financial reporting and financial statements;
- Part II, Item 9A. Controls and Procedures: to amend management's evaluation of disclosure controls and procedures and its assessment of internal control over financial reporting to state that such controls were not effective as of June 30, 2015, disclose the Material Weaknesses at June 30, 2015, and discuss the Company's remediation plan;
- Part III, Item 13. Certain Relationships and Related Transactions, and Director Independence: to identify each of the Related Party Transactions as related party transactions and to add disclosure regarding the same; and
- Part IV, Item 15. Exhibits, Financial Statement Schedules: to file a new consent of KPMG LLP and, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), file new certifications of our principal executive officer and principal financial officer as exhibits to the 2015 10-K Amendment.

Amendments Reflected in the September 2015 10-Q Amendment

The following sections of the Company's Quarterly Report on Form 10-Q for period ended September 30, 2015 are being amended pursuant to the September 2015 10-Q Amendment:

- Part I, Item 1 – Financial Statements to correct the immaterial errors discovered as a result of the Investigation:
    - to amend the presentation of information for the fiscal year ended June 30, 2015 in the consolidated balance sheet to record the related party restricted cash balance equal to the Shortall Funds ($2,264,475) and the same amount as due to a related party;
    - to amend the consolidated statement of cash flows to reflect the Company's disbursement of the Shortall Funds and the corresponding reduction of restricted cash all within the operating section of the consolidated statement of cash flows for the three months ended September 30, 2015; and
    - to identify certain of the Related Party Transactions as related party transactions and to add disclosure regarding the same.

- Part I, Item 4 – Controls and Procedures: to amend management's evaluation of disclosure controls and procedures and its assessment of internal control over financial reporting to state that such controls were not effective as of September 30, 2015, disclose the Material Weaknesses at September 30, 2015, and discuss the Company's remediation plan; and
- Part II, Item 6 – Exhibits and Financial Statement Schedule: to, as required by Rule 12b-15 under the Exchange Act, file new certifications of our principal executive officer and principal financial officer as exhibits to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2015.

Amendments Reflected in the December 2015 10-Q Amendment

The following sections of the Company's Quarterly Report on Form 10-Q for period ended December 31, 2015 are being amended pursuant to the December 2015 10-Q Amendment:

- Part I, Item 1 – Financial Statements to correct the immaterial errors discovered as a result of the Investigation:
  - to amend the presentation of information for the fiscal year ended June 30, 2015 in the consolidated balance sheet to record the related party restricted cash balance equal to the Shortall Funds ($2,264,475) and the same amount as due to a related party;
  - to amend the consolidated statement of cash flows to reflect the Company's disbursement of the Shortall Funds and the corresponding reduction of restricted cash all within the operating section of the consolidated statement of cash flows for the six months ended December 31, 2015;
  - to identify certain of the Related Party Transactions as related party transactions and to add disclosure regarding the same; and
  - to amend the interim review "Report of Independent Registered Public Accounting Firm" therein to include a revised report of KPMG LLP.
- Part I, Item 4 – Controls and Procedures: to amend management's evaluation of disclosure controls and procedures and its assessment of internal control over financial reporting to state that such controls were not effective as of December 31, 2015, disclose the Material Weaknesses at December 31, 2015, and discuss the Company's remediation plan; and
- Part II, Item 6 – Exhibits and Financial Statement Schedule: to, as required by Rule 12b-15 under the Exchange Act, file new certifications of our principal executive officer and principal financial officer as exhibits to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2015.

Management and Board Changes

Since the date of the filing of the Original Filing with the SEC, the following changes in the Company's management and Board composition have occurred:

The Company no longer has any business relationship with Mr. Shortall or Mr. Bosnjak. As of March 11, 2016, (i) Mr. Shortall's employment as Chief Executive Officer of the Company ceased and Mr. Shortall resigned from his position as Chairman of the Board, (ii) the Board appointed Mary Kate Wold to serve as its new Chair, and (iii) the employment of Ramin Mojdeh, Ph.D. as the Company's President and Chief Operating Officer ceased.

Effective March 14, 2016, the Board appointed John Ryan as the Company's Interim President and Chief Executive Officer of the Company. The Board subsequently appointed Mr. Ryan as the Company's President and Chief Executive Officer and also appointed Mr. Ryan to serve as a member of the Board, in each case, effective July 28, 2016.

On July 25, 2016, the Company's employment of Mark Iampietro as the Company's Vice President of Quality and Regulatory Affairs and Chief Compliance Officer was ended by the Company without cause.

On July 28, 2016:

- the Board appointed Michael E. Kamarck to serve as a member of the Board;

- the Board appointed Ian Hanson as the Company's Chief Operating Officer in addition to his roles as the Company's Senior Vice President;
- due to results of the Investigation, Dennis P. Pyers was removed from his position as the Company's Senior Vice President, Controller, Treasurer and Chief Accounting Officer and was appointed as the Company's Senior Advisor, Special Projects;
- the Board appointed David Hastings as the Company's Chief Accounting Officer and Treasurer in addition to his roles as the Company's Senior Vice President and Chief Financial Officer;
- the Board appointed Stephanie Walters as Senior Vice President, General Counsel and Secretary; and
- the Board appointed Molly Weaver, Ph.D., as Vice President of Quality and Regulatory Affairs and Chief Compliance Officer.

Investigation and Litigation Related to this Matter

The Company has reported the final results of the Investigation to the SEC and to The NASDAQ Stock Market LLC ("NASDAQ"), and the Company continues to cooperate fully with the SEC with respect to the SEC's ongoing investigation. The SEC or other external parties could request further documents and information from the Company. The Company and certain of its current and former directors and officers have also been named as defendants in a number of lawsuits filed in connection with the matters set forth in this Explanatory Note. For information concerning the SEC's ongoing investigation and such lawsuits, see the March 2016 Form 10-Q and the 2016 10-K, which the Company intends to file on the same day as this 2015 10-K Amendment.

Matters Relating to NASDAQ and Our Common Stock and ASX and our CDIs

The filing of the March 2016 Form 10-Q was delayed as a result of the Investigation. As a result of such delay, on May 17, 2016, the Company received a notice from the Listing Qualifications department of NASDAQ stating that, because the Company had not yet filed the March 2016 Form 10-Q, the Company was no longer in compliance with NASDAQ Listing Rule 5250(c)(1), which requires listed companies to timely file all required periodic financial reports with the SEC. The notice received from NASDAQ stated that the Company had 60 calendar days from the date of the notice to submit a plan to regain compliance with NASDAQ's continued listing requirements.

On July 18, 2016, the Company timely submitted a plan to NASDAQ as to how it planned to regain compliance with NASDAQ's continued listing requirements. The staff at NASDAQ subsequently granted the Company an exception to file the March 2016 Form 10-Q and any other delinquent SEC filings on or before November 7, 2016 in order to enable the Company to regain compliance with the listing rules.

On September 19, 2016, the Company received a notice from the Listing Qualifications department of NASDAQ stating that, because the Company had not yet filed the 2016 10-K, the Company is not in compliance with NASDAQ Listing Rule 5250(c)(1). The Company timely submitted to NASDAQ an updated compliance plan on October 4, 2016.

As noted above, the Company is concurrently filing with the SEC the 2016 10-K and the March 2016 10-Q with the 2015 10-K Amendment, the September 2015 10-Q Amendment and the December 2015 10-Q Amendment. Consequently, the Company currently believes that it has adequately remedied its non-compliance with NASDAQ Listing Rule 5250(c)(1) within NASDAQ's terms of exception. However, there can be no assurance that NASDAQ will concur that we have remedied such non-compliance.

On October 17, 2016, the Company received a notice from the Listing Qualifications department of NASDAQ stating that, because the Company did not maintain a minimum Market Value of Listed Securities ("MVLS") of $50,000,000 for the last 30 consecutive business days, the Company was no longer in compliance with NASDAQ Listing Rule 5450(b)(2)(A).

The Company has been provided a period of 180 calendar days, or until April 17, 2017, to regain compliance with the minimum MVLS listing requirement. If at any time on or before April 17, 2017, the MVLS of the Company's common stock closes at $50,000,000 or more for a minimum of 10 consecutive business days, NASDAQ will provide the Company with written confirmation that the Company has achieved compliance with the minimum MVLS listing requirement and the matter will be closed.

In the event that the Company does not regain compliance with the minimum MVLS listing requirement on or before April 17, 2017, NASDAQ will provide the Company with written notification that its securities are subject to delisting. At that time, the Company would be permitted to appeal the delisting determination to a NASDAQ Hearings Panel or apply to transfer its common stock to The NASDAQ Capital Market (provided that it satisfied the requirement for continued listing on that market). (See Part I, Item 1A Risk Factors of this 2016 10-K – "We are not in compliance with the requirements of NASDAQ for continued listing, and if NASDAQ does not concur that we have adequately remedied our non-compliance with NASDAQ Listing Rule 5250(c)(1) or we do not adequately remedy our non-compliance with NASDAQ Listing Rule 5450(b)(2)(A), our common stock may be delisted from trading on NASDAQ, which could have a material adverse effect on us and our stockholders" below).

The Company was also required to file audited financial statements with the Australian Securities Exchange (the "ASX") no later than September 30, 2016 (the "ASX Deadline"). The Company was not able to file such audited financial statements by the ASX Deadline. As a result, pursuant to ASX rules, trading in the Company's CHESS Depositary Interests ("CDIs") on the ASX was to be suspended prior to the opening of trading on the ASX on October 3, 2016, however, the ASX accepted the Company's request for an immediate voluntary suspension of trading and as such, ASX halted trading of the Company's CDIs on the ASX prior to the opening of trading on September 30, 2016 in Australia. Such trading in Australia will not resume until after the Company files the audited financial statements included in the 2016 10-K with the ASX, which the Company intends to do concurrently with filing the 2016 10-K with the SEC.

As noted above, the Company is concurrently filing with the SEC the March 2016 Form 10-Q and the 2016 10-K with the 2015 10-K Amendment, the September 2015 10-Q Amendment and the December 2015 10-Q Amendment. Consequently, the Company currently believes that it has adequately remedied its non-compliance with NASDAQ's listing rules within NASDAQ's terms of exception. However, there can be no assurance that NASDAQ will concur that we have

remedied our current non-compliance (see Part I, Item 1A Risk Factors – “We have not been in compliance with the requirements of NASDAQ for continued listing, and if NASDAQ does not concur that we have adequately remedied our non-compliance, our common stock may be delisted from trading on NASDAQ, which could have a material adverse effect on us and our stockholders” below).

UNILIFE CORPORATION

FORM 10-K/A
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Cautionary Note Regarding Forward-Looking Information

This Annual Report on Form 10-K contains forward-looking statements. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. The forward-looking statements are contained principally in the sections entitled "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential" and similar expressions intended to identify forward-looking statements. These forward-looking statements include statements about the following:

- our ability to obtain additional funding to continue our operations and pay our expenses;
- our exposure to litigation, regulatory proceedings and government enforcement actions as a result of the findings of the Investigation;
- our ability to successfully execute our new refocused business strategy;
- our ability to complete a transaction which would enhance shareholder value as a result of our exploration of strategic alternatives;
- our ability to remediate material weaknesses in our disclosure controls and procedures and internal control over financial reporting;
- our ability to comply with the requirements of NASDAQ for continued listing;
- our ability to develop and achieve substantial sales of our products to our customers;
- legal and regulatory requirements and developments in the U.S. and foreign countries;
- the clinical development, therapeutic efficacy and market acceptance of our customers' product candidates;
- the ability to satisfy our debt obligations and comply with our restrictive covenants;
- existing, recently enacted and future legislation and reimbursement practices regarding the healthcare system;
- our financial performance;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to continue as a going concern for the next 12 months;
- the success of competing products that are or become available;
- obtaining and maintaining intellectual property protection for our technology and products;
- our ability to maintain and perform under our customer agreements;
- our exposure to manufacturing and other business disruptions;
- our ability to limit our exposure to product liability lawsuits;
- our ability to successfully manage our growth;
- our exposure to scrutiny and increased expenses as a result of being a public company;

- the impact on the cost and availability of raw materials and certain components due to potential supply changes;
- our ability to maintain and protect our information technology systems;
- our ability to effectively execute on our cost reduction measures; and
- our failure to recruit or retain key personnel or to retain our executive officers.

These forward-looking statements are based on management's beliefs and assumptions and on information currently available to our management. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K and those that may be described from time to time in our future reports that we file with the Securities and Exchange Commission including, without limitation, the Company's ability to become and remain current on all of its required periodic filings with the SEC in accordance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"); expenditures that may be incurred by the Company in connection with any reduction in force; the definitive findings of the Investigation; negative reactions from the Company's creditors, stockholders, strategic partners or customers to the definitive findings of the Investigation; that the Company's common stock will be delisted from trading on NASDAQ; the Company's ability to comply with or obtain waivers under the Company's debt instruments; the potential that the Company will be required to amend its previous public filings with the SEC and/or restate its previously issued financial statements and the impact and result of any such amendments and/or restatements; the existence of material weaknesses in internal control over financial reporting and the timing and expense of any necessary remediation of control deficiencies; the impact (including costs) and results of any litigation or regulatory inquiries or investigations related to the findings of the Investigation; and the financial impact to the Company as a result of the foregoing. You should read completely this Annual Report on Form 10-K, the documents that we have filed as exhibits to this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K. The forward-looking statements contained in this Annual Report on Form 10-K are subject to the safe-harbor protection provided by the Private Securities Litigation Reform Act of 1995 and Section 21E of the Exchange Act.

PART I

Item 1A. Risk Factors

Our business faces many risks. We believe the risks described below are the material risks that we face. However, the risks described below may not be the only risks we face. Additional unknown risks or risks that we currently consider immaterial may also impair our business operations. If any of the events or circumstances described below actually occurs, our business, financial condition or results of operations could suffer, and the trading price of our shares of common stock could decline significantly. Investors should consider the specific risk factors discussed below, and the other information contained or incorporated by reference herein and the other documents that we file from time to time with the Securities and Exchange Commission.

Certain of the risk factors below represent risks that we face as a result of certain events that occurred following the period to which this Annual Report on Form 10-K/A relates. Investors should read the "Explanatory Note" above and the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2016, which is being filed by the Company on the date of the filing of this 2015 10-K Amendment, for additional information regarding such events.

Risks Relating to Our Business

Matters relating to or arising from the Investigation, including regulatory proceedings, litigation and potential additional expenses, may adversely affect our business and results of operations.

On May 8, 2016, we announced an investigation into violations of the Company's policies and procedures and possible violations of law and regulation by the Company's former Chief Executive Officer, Alan Shortall, and its former Chairman, Jim Bosnjak (the "Investigation") (see the "Explanatory Note" above for a summary of the final results of the Investigation).

To date, we have incurred significant expenses related to legal, accounting, and other professional services in connection with the Investigation.

The Company and certain of its current and former directors and officers have been named as defendants in a number of lawsuits filed in connection with the Investigation (see Part I, Item 3. Legal Proceedings in the 2016 10-K, which is being filed concurrently with this 2015 10-K Amendment for additional information regarding such lawsuits). We will continue to incur legal fees in connection with these pending cases and, pursuant to applicable law and the Company's Bylaws, will incur expenses for the reimbursement of legal fees of present and former officers and directors under indemnification obligations. The expense of continuing to defend such litigation may be significant.

The Company is unable at this time to predict the timing or outcome of these lawsuits or of similar lawsuits that may be filed in relation to the findings of the Investigation or to predict what action regulatory authorities may take, if any, in relation to such findings, or the impact (including costs) of such lawsuits and/or actions by regulatory authorities. If any of the lawsuits related to the Investigation are adversely decided, we may be liable for significant damages directly or under our indemnification obligations, which could adversely affect our business, operations, cash flows and/or financial condition and damage our reputation. Further, the amount of time that will be required to resolve these lawsuits is unpredictable and these actions may divert management's attention from the day-to-day operations of our business, which could adversely affect our business, operations, cash flows and/or financial condition.

The expenses incurred and expected to be incurred in connection with the Investigation, the impact of the findings of the Investigation, including on the confidence of our investors, employees and customers, the remediation efforts required as a result of the Investigation and the diversion of the attention of our management team that has occurred and is expected to continue to occur as a result of the Investigation, could adversely affect, our business, operations, cash flows and/or financial condition.

The findings of the Investigation could also subject the Company (or persons it may be required to indemnify) to possible criminal, civil or administrative sanctions, penalties, or investigations, in addition to potential private securities and other litigation. In this regard, regulatory authorities may consider that the loans described in the "Explanatory Note" above under the headings "Shortall Fund Transfers," "Bosnjak Loan Payments and Unreimbursed Personal Expenses" and "Advanced Withholding Payments" to constitute prohibited Company loans to executive officers and directors in violation of Section 402 of the Sarbanes-Oxley Act of 2002, which prohibits personal loans to a director or executive officer of a public company.

As a result of the matters reported above, we are exposed to greater risks associated with litigation, regulatory proceedings and government enforcement actions. Such future investigations or additional lawsuits may adversely affect our business, operations, cash flows and/or financial condition.

In addition to the above, the findings of the Investigation may limit or even prevent our ability to raise capital, may negatively impact employee morale and may result in attrition among our workforce.

We have identified material weaknesses in our disclosure controls and procedures and internal control over financial reporting. If not remediated, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in our financial statements and a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and the trading price of our common stock.

Management, under the supervision of the Company's new CEO and the Company's CFO, and oversight of the Board, conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of June 30, 2015 based on the COSO 1992 Framework. Based on this evaluation, management has determined that under the oversight of the Board and the leadership of Mr. Shortall, the Company did not have an effective control environment, risk assessment process, information and communication process and monitoring activities. Additionally, because of the Company's findings from the Investigation, the Company is unable to rely on certain personnel, processes and internal controls, and as such, that various material weaknesses existed at June 30, 2015. In light of such material weaknesses, management has concluded that the Company's internal control over financial reporting was ineffective as of June 30, 2015. In addition, the Company has concluded that, as of such dates, there were material weaknesses in the Company's disclosure controls and procedures (together with the material internal control weaknesses, the "Material Weaknesses") as a result of the material internal control weaknesses.

Maintaining effective disclosure controls and procedures and effective internal control over financial reporting are necessary for us to produce reliable financial statements and the Company is committed to remediating its material weaknesses in such controls as promptly as possible. The implementation of the Company's remediation plans has commenced (see Part II, Item 9A. Controls and Procedures in this 2015 10-K Amendment for additional information regarding such material weaknesses and such remediation process). However, there can be no assurance as to when such material weaknesses will be remediated or that additional material weaknesses will not arise in the future. Any failure to remediate such material weaknesses, or the development of new material weaknesses in our disclosure controls and procedures or internal control over financial reporting, could result in material misstatements in our financial statements and cause us to fail to meet our reporting and financial obligations, which in turn could have a material adverse effect on our business, financial condition and the trading price of our common stock.

We need additional funding to continue our operations and meet our research and development, capital and general and administrative expenses. Such funding may not be available on favorable terms, if at all, and may be dilutive to our existing stockholders. Without modifications to our existing payment obligations or receipt of additional funding, our existing cash and other sources of liquidity may not be sufficient to fund our operations for the next twelve months. If additional capital is not available, we may have to further curtail our operations, or take other actions that could adversely impact our stockholders.

Our business does not generate the cash necessary to finance our operations and has consumed substantial amounts of cash to date. We incurred net losses during fiscal years 2016, 2015 and 2014 of $100.8 million, $90.8 million and $57.9 million, respectively. We expect to continue to incur losses and use cash during fiscal year 2017 and through at least fiscal year 2018. Without modifications to our existing payment obligations or receipt of additional funding, we will require additional capital to continue our operations for the next twelve months. At June 30, 2016, cash and cash equivalents were $18.7 million, restricted cash was $2.4 million and the book value of our long-term debt was $105.1 million. In addition, at September 30, 2016, cash and cash equivalents were $6.0 million, and restricted cash was $2.1 million.

If we are unable to obtain additional financing on acceptable terms and when needed, we may default under one or more of our debt obligations. A breach of any of the covenants related to our debt instruments could result in a higher rate of interest to be paid, the lenders could elect to declare all amounts outstanding under the applicable debt instruments to be immediately due and payable. If the lenders were to make such a demand for repayment, we would be unable to pay the obligations as we do not have existing facilities or sufficient cash on hand to satisfy these obligations and lenders could foreclose on their security interest in our intellectual property and other assets. These factors continue to raise substantial doubt about our ability to continue as a going concern.

On February 22, 2016, the Company and certain of its subsidiaries entered into a Securities Purchase Agreement (the "Counterparty SPA") with Amgen Inc. (the "Counterparty"), pursuant to which Counterparty agreed to purchase from the Company a new series of 6% Senior Secured Convertible Notes Due 2023 in the aggregate original principal amount of up to $55.0 million (the "Notes"). The Notes may be issued in up to three separate closings. The Company issued to Counterparty the first Note in the aggregate original principal amount of $30.0 million on February 22, 2016 (the "2016 Convertible Note") and Counterparty paid to the Company $30.0 million in exchange therefor. Counterparty may purchase up to an additional $25.0 million in Notes over the next two years, $15.0 million of which may be purchased in January 2017 (the "2017 Convertible Note") and $10.0 million of which may be purchased in January 2018 (the "2018 Convertible Note"). There can be no assurance that Counterparty will elect to purchase the 2017 Convertible Note and/or the 2018 Convertible Note.

Further, we are not currently eligible to register the offer and sale of our securities using a registration statement on Form S-3 and we will not become eligible until we have timely filed certain periodic reports required under the Exchange Act for 12 consecutive calendar months. As a result, the Company will not be able obtain financing under the Controlled Equity Offering Sales Agreement between the Company and Cantor Fitzgerald & Co. or the equity purchase agreement between the Company and Lincoln Park Capital Fund, LLC at least until the Company is eligible to register the offer and sale of our securities using a registration statement on Form S-3.

Our near-term capital needs depend on many factors, including:

- our ability to carefully manage our costs and expenses;
- the amount and timing of amounts paid under our customer contracts; and
- our ability to successfully utilize currently existing equity facilities.

The Company has been implementing cost reduction measures as it focuses operations on the programs of key strategic customers. If we are unable to obtain adequate financing on acceptable terms when needed, we will be required to implement further cost reduction strategies. These reductions could significantly impact activities related to the commercialization and sale of our products, and could result in significant harm to our business, financial condition and results of operations. In addition, these reductions could cause us to further curtail our operations, or take other actions that would adversely impact our stockholders. If we are unable to secure additional financing on terms acceptable to us and on a timely basis, we may seek stockholder approval to downsize or wind down our operations through liquidation, bankruptcy or a sale of our assets.

If we raise additional funds through the issuance of equity securities, the percentage ownership of our existing stockholders will be reduced, our stockholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of our existing stockholders.

We need additional funding to meet our capital needs and our debt obligations include covenants which may limit our ability to raise capital.

At June 30, 2016, the book value of our long-term debt was $105.1 million. The Amended OrbiMed Credit Agreement and the Metro Bank Loan (each defined below) contain certain restrictive covenants. The Amended OrbiMed Credit Agreement contains certain customary covenants, including among other things, covenants relating to financial performance and liquidity targets. The Amended OrbiMed Credit Agreement also contains covenants that, among other things, require us to obtain consent from the Lender prior to incurring certain indebtedness or assuming or guaranteeing the indebtedness of another entity or individual. Moreover, the Metro Bank Loan is secured by a mortgage lien and a continuing security interest in the personal property of Unilife Cross Farm LLC, a wholly owned subsidiary of the Company ("Cross Farm"), and contains certain customary covenants, including the maintenance of $2.4 million of restricted cash that must remain in cash deposits (on which FNB has a first priority security interest). In addition, we are required to maintain a cash balance of $3.0 million inclusive of the $2.4 million of restricted cash. Furthermore, the issuance of equity securities in excess of 40% of our outstanding shares of common stock to a person or group (within the meaning of Rule 13d-5 of the Exchange Act) constitutes an event of default under the Amended OrbiMed Credit Agreement. These foregoing restrictive covenants may limit or even prevent our ability to raise capital. If we are unable comply with such covenants or obtain a waiver from our lenders, then it may be more difficult for us to operate our business or we may default on our obligations to our lenders.

As a result of the delayed filing of our Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2016 (the "Third Quarter 10-Q") and the 2016 10-K with the SEC, we are not currently eligible to use a registration statement on Form S-3 to register the offer and sale of securities, which may adversely affect our ability to raise future capital or complete acquisitions.

We are not currently eligible to register the offer and sale of our securities using a registration statement on Form S-3 and we will not become eligible until we have timely filed certain periodic reports required under the Exchange Act for 12 consecutive calendar months. There can be no assurance when we will meet this requirement, which depends in part upon our ability to file our periodic reports on a timely basis in the future. Should we wish to register the offer and sale of our securities to the public before we are eligible to do so on Form S-3, our transaction costs and the amount of time required to complete the transaction could increase, making it more difficult to execute any such transaction successfully and potentially having an adverse effect on our financial condition.

We may not be able to successfully execute our new refocused business strategy.

In July 2016, we announced that the Company will focus primarily on active and new customer programs in its portfolio of wearable injector systems. This primary focus on wearable injectors is expected to enhance operating efficiencies and better position the Company to take advantage of commercial opportunities within the fast-growing market for wearable injectors. There can be no assurances that our new strategic direction will result in the commercialization and sale of our products and we cannot provide any assurances that our focus on active and new customer programs in our portfolio of wearable injector systems will be successful.

We have forecasted cost savings from our plan to refocus our business strategy based on a number of assumptions and expectations which, if achieved, would improve our cash flows from operating activities. However, there can be no assurance that the expected results will be achieved. The estimated costs and benefits associated with the plan are preliminary and may vary based on various factors including: the timing of execution of the plan, outcome of negotiations with third parties, and changes in management's assumptions and projections. As a result, delays and unexpected costs may occur, which could result in our not realizing all, or any, of the anticipated benefits associated with the plan.

In connection with this new focus, the Company has been evaluating the prospects of its non-wearable injector customer and supplier programs. The Company is attempting to negotiate terminations of certain non-wearable injector customer and supplier contracts. There can be no assurance that the Company will be able to successfully negotiate the termination of these contracts and the Company may incur material expenses in exiting customer and/or supplier contracts. Certain of these customer contracts contain material cancellation penalties which the Company is in the process of negotiating. While the Company believes it may be able to eliminate or significantly reduce these penalties, there can be no assurance that the Company will be successful in doing so.

Further, our new business strategy can potentially present risks that may otherwise harm our business, including failure to meet customer or regulatory requirements due to the loss of employees or inadequate transfer of knowledge and negative impact on employee morale and increasing attrition among our workforce.

We are subject to litigation that could adversely affect our business.

We are or have been involved in a number of lawsuits. A more detailed description of these lawsuits is contained in Part I, Item 3. Legal Proceedings in the 2016 10-K. We intend to contest all of these cases vigorously and will explore all options, as appropriate, in the best interests of the Company. However, as with all litigation, there is a possibility that we will suffer adverse decisions or verdicts of substantial amounts, or that we will enter into monetary settlements in one or more of these cases, which may or may not be covered by insurance. The time and cost of such litigation, as well as the ultimate outcome of such litigation, whether or not we are successful, could divert management's attention from our business and could adversely affect our business, operations, cash flows and/or financial condition.

Recent changes in our management team may be disruptive to, or cause uncertainty in, our business, results of operations, financial condition, and the market price of our common stock.

During the second half of fiscal year 2016, the Company implemented significant changes in its Board and management team composition (see the "Explanatory Note – Management and Board Changes" above for additional information regarding such changes to our Board and management team composition). These changes may be disruptive to or cause uncertainty in our business. The failure to ensure a smooth transition and effective transfer of knowledge involving senior employees could also negatively affect our business. These matters could have a material adverse impact on our results of operations, financial condition, and the market price of our common stock.

We are not in compliance with the requirements of NASDAQ for continued listing, and if NASDAQ does not concur that we have adequately remedied our non-compliance with NASDAQ Listing Rule 5250(c)(1) or we do not adequately remedy our non-compliance with NASDAQ Listing Rule 5450(b)(2)(A), our common stock may be delisted from trading on NASDAQ, which could have a material adverse effect on us and our stockholders.

We were delinquent in the filing of the Third Quarter 10-Q and our Annual Report on Form 10-K for the fiscal year ended June 30, 2016. As a result, we have not been in compliance with the listing rules of NASDAQ. On July 18, 2016, and subsequently on October 4, 2016, we submitted a compliance plan and an updated compliance plan, respectively, to NASDAQ and were granted an exception to file our Third Quarter 10-Q and any other delinquent periodic financial reports on or before November 7, 2016 in order to enable us to regain compliance with the listing rules. We filed our Annual Report on Form 10-K for the fiscal year ended June 30, 2016 and the Third Quarter 10-Q concurrently with the filing of this Annual Report on Form 10-K. As a result, we currently believe that we have adequately remedied our non-compliance with NASDAQ's Listing Rule 5250(c)(1) within NASDAQ's terms of exception. However, because the Company did not maintain a minimum Market Value of Listed Securities ("MVLS") of $50,000,000 for the last 30 consecutive business days, the Company is no longer in compliance with NASDAQ Listing Rule 5450(b)(2)(A). The Company has been provided a period of 180 calendar days, or until April 17, 2017, to regain compliance with the minimum MVLS listing requirement. If at any time on or before April 17, 2017, the MVLS of the Company's common stock closes at $50,000,000 or more for a minimum of 10 consecutive business days, NASDAQ will provide the Company with written confirmation that the Company has achieved compliance with the minimum MVLS listing requirement and the matter will be closed. There can be no assurance that NASDAQ will concur that we have remedied our non-compliance with NASDAQ Listing Rule 5250(c)(1) or that we will be able to adequately remedy our non-compliance with NASDAQ Listing Rule 5450(b)(2)(A), in which case our common stock could remain subject to delisting by NASDAQ. If our common stock were delisted, there can be no assurance whether or when it would again be listed for trading on NASDAQ or any other securities exchange. In addition, the market price of our shares might decline and become more volatile, and our stockholders might find that their investment in our shares has limited liquidity. Furthermore, institutions whose charters do not allow them to hold securities in unlisted companies might sell our shares, which could have a further adverse effect on the price of our stock.

Our fiscal year 2016 consolidated financial statements state that our recurring losses from operations and limited cash resources raise substantial doubt about our ability to continue as a going concern.

Our continuation as a going concern is dependent upon our attaining and maintaining profitable operations, generating continued cash payments from customers under new or existing contracts and/or raising additional capital. In addition, our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our liquidity is highly dependent on our ability to improve our financial condition. Our failure to obtain new or additional financing could impair our ability to both serve our existing customer base and develop prospective customers and could result in our failure to continue to operate as a going concern.

The uncertainty regarding our ability to continue as a going concern may have an adverse effect on our customer and supplier relationships.

Our relationships with our existing and prospective customers and suppliers are predicated on the belief that we will continue to operate as a going concern. Certain of our existing customers may terminate their agreements with us and certain of our prospective customers may not enter into agreements with us if there is uncertainty regarding our ability to continue as a going concern. This may have an adverse effect on our ability to grow our revenue, which is a key component of our plan to continue as a going concern. Current and future suppliers may be less likely to grant us credit, resulting in a negative impact on our working capital and cash flows.

We do not expect to be profitable until we either achieve commercial scale production and sales of our proprietary injectable drug delivery systems or receive sufficient upfront fees and other payments from customers to offset our total operating expenditures.

At the present time, none of our customers has received regulatory clearance or approval from the U.S. Food and Drug Administration, or the FDA, or a foreign regulatory authority for the commercial sale of a drug-device combination product that incorporates any of our products. It is also our understanding that, at the present time, none of our customers has applied for regulatory approval of a drug-device combination product using our technology. None of our products are currently being sold by our customers with their injectable therapies. To date, we have derived substantially all of our revenue from upfront payments, exclusivity fees, device and development materials and milestone-based fees from customers. Many of our customers' injectable therapies that are planned to be used in combination with our products are in various stages of clinical development. We have a broad portfolio of proprietary product platforms, including wearable injectors, insulin delivery systems, disposable and reusable auto-injectors, pre-filled syringes, drug reconstitution delivery systems, ocular delivery systems and other systems for the targeted delivery of injectable therapies. We have incurred, and will continue to incur, research and development expenses related to the development and manufacturing scale-up of products for our customers. During fiscal year 2016, we invested $43.2 million to address our research and development requirements, including employee costs, equipment, materials, tooling, prototypes and outside contract services. We expect to continue investing in

certain capital equipment to support increasing customer demand for our products and services. We will also incur significant general and administrative expenses such as assisting our customers with seeking regulatory approvals and complying with the requirements related to being a public company in both the United States and Australia. We do not expect to be profitable until we generate sufficient revenue from product sales, upfront fees, milestone-based payments or royalty fees to offset our total operating expenditures.

If we experience problems or delays in securing additional agreements to supply our products and services to customers, our business, including our ability to generate additional revenue, will be materially and adversely affected.

To date, we have signed commercial supply contracts and other agreements with several pharmaceutical and biotechnology companies. However, our ability to generate additional revenue will also depend on our ability to successfully negotiate additional agreements for our proprietary product platforms with new or existing customers and, notwithstanding potential upfront or milestone-based payments, to begin supplying substantial commercial quantities of such products under such agreements. Given the substantial size, complexity and long-term duration of many of these prospective agreements, they can take significant time to negotiate and finalize. We cannot provide assurance of whether we will be able to enter into additional agreements for our products or what the terms of any such agreements will be. If we are unable to secure additional supply agreements for our products and services in a timely manner or obtain favorable terms under such agreements, our ability to generate additional revenue aside from our existing contracts will be materially and adversely affected.

Our devices will be subject to regulatory oversight and approvals either as combination products or as devices. We cannot be sure how the FDA, European Medicines Agency ("EMA") or other foreign regulatory authority will regulate our customers' drug-device combination products or our devices and/or whether we or our customers will be successful in obtaining and/or maintaining regulatory approval.

Our products, outside of our reusable auto-injector and certain systems for targeted drug delivery, are designed to be supplied to customers as sub-assembly components. Such sub-assembly components are ready for filling with a measured dose of an injectable therapy, and the final assembly or packaging is to be conducted by our customers or a third party. Once our products are filled, assembled and/or packaged by our customers or a third party with an injectable therapy, they will become classified for regulatory purposes as drug-device combination products. In such instances, our customers will ultimately be responsible for seeking and obtaining regulatory approval of the drug-device combination product. Each of our supply agreements that are currently in effect reflect such business-to-business partnerships under which we will sell our products to pharmaceutical customers who are ultimately responsible for the regulatory approval, marketing and sale of the drug-device combination product.

In order to be eligible to market and sell a drug-device combination, a customer will need to submit and receive approval of an NDA, BLA, ANDA, sBLA or the foreign equivalent of any of the foregoing.

For a drug-device combination product, it is possible that our customers will be required to submit marketing applications through both the drug or biologic and medical device pathways. The process of obtaining FDA marketing clearance or approval is lengthy, expensive, and uncertain. We cannot be sure how the FDA, EMA or other foreign regulatory authority will regulate our customers' drug-device combination products, in which case the path to regulatory approval would be different and could be more lengthy and costly. We also cannot be sure that our customers' drug-device combination products will be cleared or approved in a timely fashion, or at all, which could impact our customers' ability to market their drug-device combination products that utilize our products. If the FDA does not approve or clear the drug-device combination products in a timely fashion or at all, or if there are ongoing issues with obtaining approval of drug-device combination products involving our proprietary product platforms and our customers' injectable therapies, our business and financial condition will be adversely affected.

Moreover, the approval process may also require changes to our customers' drug-device combination products or result in limitations on the indicated uses of our customers' drug-device combination products, which could negatively affect us. As a result, our customers' expectations with respect to marketing approval or clearance may prove to be inaccurate, and our customers may not be able to obtain marketing approval or clearance in a timely manner or at all. We could face similar issues if we submit any devices to the FDA or a foreign regulatory authority for approval, as appropriate for the class of device (or other foreign regulatory processes). We may be required to make changes to our device or we may not be able to obtain marketing approval or clearance in a timely manner or at all.

In addition, regulatory requirements in the United States and outside the United States can, at any time, require prompt action to maintain compliance, particularly, when product modifications are required. Following the introduction of a drug-device combination product or a device, these agencies will also periodically review our or our customers' manufacturing processes and the performance of our customers' drug-device combination products or our devices.

Our or our customers' failure to comply with cGMP, failure to comply with adverse event reporting, clinical trials and other requirements of these agencies could delay or prevent the production, marketing or sale of our customers' drug-device combination products or our devices and result in fines, delays, suspensions or prevention of regulatory clearances, closure of manufacturing sites, seizures or recalls of products and damage to our and our customers' reputations.

We and our customers are subject to extensive regulation by governments around the world, and if these regulations are not complied with, existing and future operations may be curtailed, and we could be subject to liability.

Our devices and our customers' drug-device combination products that utilize our products are subject to extensive regulation by governmental authorities in the United States, Europe and other countries, including the FDA. Not only do these regulations present challenges during the regulatory approval process as discussed above, but after our devices or our customers' drug-device combination products that utilize our products are approved and placed in the market, numerous regulatory requirements will apply. These include, but are not limited to QSR, labeling regulations and FDA prohibitions against the promotion of products for uncleared, unapproved or "off label" uses, medical device reporting regulations and post-market surveillance regulations, and laws and regulations that govern the development, testing, manufacturing, advertising, marketing and distribution of medical devices, including our devices and our customers' drug-device combination products that utilize our products. The FDA has broad post-market and regulatory enforcement powers.

As a registered device manufacturer and supplier of the drug delivery device component of a combination product, we are subject to unannounced and preapproval inspections by the FDA of our manufacturing facility to determine our compliance with QSR and cGMP.

Failure to comply with applicable regulatory requirements can result in an enforcement action by the FDA or other regulatory authority, which may include any or all of the following sanctions: fines, injunctions, consent decrees and civil penalties, recall or seizure of our products or our customers' drug-device combination products, operating restrictions, partial suspensions or total shutdown of production, refusing our customers' requests for regulatory approvals of their drug-device combination products or new intended uses, as applicable, refusing our requests for regulatory approval of our devices, withdrawing our customers' or our regulatory approvals that may be granted and criminal prosecution.

The therapeutic efficacy of certain of our customers' therapies is either unproven in humans or has only been proven in limited circumstances, and we may not be able to successfully develop and sell our products in combination with our customers' therapies.

While some of our customers will be using our products with established, approved therapies, in certain instances, the benefits of our customers' therapies as injectable therapies is either unproven or has only been proven in limited circumstances. Our ability to generate revenue from our products will depend heavily on the successful development, commercialization and sales of our customers' therapies, which is subject to many potential risks. For example, data developed in clinical trials or following the commercialization of our customers' therapies may show that such therapies do not prove to be effective treatments for the targets they are being designed to act against (or as effective as other treatments available). In clinical trials or following commercialization, it may be shown that our customers' therapies interact with human biological systems in unforeseen, ineffective or harmful ways. If our customers' therapies are associated with undesirable side effects or have characteristics that are unexpected, our customers may need to abandon clinical development or discontinue commercial sales or limit clinical development or sales to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. As a result of these and other risks described herein that are inherent in the development and sale of therapeutic agents, our customers may never successfully develop or successfully commercialize their therapies or the commercialization of our customers' therapies may be abandoned or severely limited, which may limit our profitability with respect to such customers, and we may not be successful in achieving commercial scale production and sales of our injectable drug delivery systems in combination with our customers' therapies.

Certain of the injectable therapies being targeted for use with our products are not approved, but are in various phases of clinical development. These injectable therapies may be independently terminated by our customers prior to submission of a regulatory filing or even after our customers receive regulatory approval, resulting in the cessation of any revenue associated with that contract or program.

We work with pharmaceutical and biotechnology companies who are targeting the use of our products with a variety of injectable therapies. While some of our customers have approved therapies, certain of our customers' injectable therapies are not approved, and are in various phases of clinical development. None of our customers with approved therapies has received regulatory clearance or approval from the FDA or a foreign regulatory authority for the commercial sale of a drug-device combination product that incorporates its approved therapy and one of our products. The clinical development of these pipeline therapies can be terminated by our customers at any stage. Furthermore, our customers could obtain regulatory approval for their injectable therapies and their drug-device combination products that include our product, and decide for business reasons not to market and sell their drug-device combination product. Prior investments we have made in manufacturing capacity or research and development will then not result in the generation of revenue that would have previously been anticipated through our customers' regulatory approval, launch and post-market sales of the drug-device combination product within target domestic and international markets.

Our customers may terminate their contracts or cease doing business with us in the event of a breach by us, for strategic reasons or, in some cases, for no reason.

While the term of our customer contracts may be for up to 15 years, our customers may decide to terminate their contracts or cease doing business with us in the event of a breach by us, for strategic reasons or, in some cases, for no reason. In such event, we may not receive associated payments or revenue from such customer or under the relevant contract and we may not be able to recoup investments we have made in manufacturing capacity or research and development in connection with such customer or customer contract. Accordingly, if our customers terminate their contracts with us, it could have a material adverse impact on our business, prospects, results of operations, cash flows and financial condition.

Our commercial success depends upon the attainment of significant market acceptance of our customers' product candidates, if approved, among physicians, patients, healthcare payers or the medical community.

Even if our customers obtain regulatory approval for their product candidates, their product candidates may not gain sufficient levels of market acceptance among physicians, healthcare payers, patients or the medical community to make them commercially feasible. Market acceptance of our customers' product candidates, if they receive approval, depends on a number of factors, including the:

- efficacy and safety of our customers' product candidates;
- clinical indications for which their product candidates are approved;
- acceptance by physicians, patients and the medical community of their product candidates as a safe and effective treatment;
- potential and perceived advantages of their product candidates over alternative treatments;
- safety of their product candidates seen in a broader patient group;
- prevalence and severity of any side effects;
- product labeling or product insert requirements of the FDA or other regulatory authorities;
- timing of market introduction of their product candidates as well as competitive products;
- cost of treatment in relation to alternative treatments;
- availability of coverage and adequate reimbursement and pricing by third party payers and government authorities;
- relative convenience and ease of administration; and
- effectiveness of their sales and marketing efforts.

If our customers' product candidates are approved but fail to achieve market acceptance among physicians, patients or healthcare payers, we may not be able to generate anticipated revenue. This may limit our ability to generate anticipated revenue from our prior investment in assembly lines and other resources. Moreover, even if we achieve commercial scale production and sales of our injectable drug delivery systems in combination with our customers' injectable therapies, such customers may face indirect competition from companies who develop and market other brand name, biosimilar or generic injectable therapies as well as alternative treatments and delivery methods that compete with our customers' drug-device combination products that utilize our products, which may have a material adverse effect on our results of operations, our financial condition and/or cash flows.

Most brand name injectable therapies will face future competition from generic or biosimilar therapies, which could significantly reduce their commercial viability.

Brand name injectable therapies will usually become exposed to competition from generic or biosimilar rivals at some time after their regulatory approval and commercial launch. The average selling price and market share of brand name injectable therapies can be significantly diminished following the introduction of generic or biosimilar competition. These factors may result in our customers using our products with their brand name injectable therapies seeking to withdraw such injectable therapy from the market, or change market tactics in a way that makes the use of our products cost prohibitive. This may result in the termination of supply contracts and the significant loss of revenue.

Our debt obligations include covenants restricting our business which may adversely affect us.

On March 12, 2014, Unilife Medical Solutions, Inc., a wholly owned subsidiary of the Company, or the Borrower, entered into a Credit Agreement with ROS Acquisition Offshore LP, or the Lender or ROS, as amended by the First Amendment to the Credit Agreement, dated September 30, 2014, the Second Amendment to the Credit Agreement, dated June 30, 2015, the Third Amendment to the Credit Agreement, dated October 13, 2015, the Fourth Amendment to the Credit Agreement, dated December 31, 2015, the Fifth Amendment to the Credit Agreement, dated January 31, 2016, the Sixth Amendment to the Credit Agreement, dated February 9, 2016, the Seventh Amendment to the Credit Agreement, dated February 16, 2016, and the Eighth Amendment to the Credit Agreement, dated February 22, 2016 (as so amended, the "Amended OrbiMed Credit Agreement"). Pursuant to and subject to the terms of the Amended OrbiMed Credit Agreement, the Lender agreed to provide term loans to the Borrower in the aggregate principal amount of up to $70 million. The Borrower has received the full $70 million under the Amended OrbiMed Credit Agreement. The interest rate is 9.25% plus the greater of the three month LIBO Rate (as defined in the Amended OrbiMed Credit Agreement) or 1.0%.

Unless the loan facility is otherwise terminated earlier pursuant to the terms of the Amended OrbiMed Credit Agreement, the Borrower is required to repay in full the unpaid principal amount of the loans drawn down, together with all accrued and unpaid interest thereon plus a 10.0% repayment premium on March 12, 2020. The Borrower can make voluntary repayments at any time of any unpaid principal amount of the loans, plus a 10.0% repayment premium. The Borrower must make mandatory prepayments in certain prescribed circumstances, including, without limitation, certain dispositions of assets and certain casualty events. In such events, the Borrower must prepay to Lender 100% of the net cash proceeds received.

The obligations of the Borrower under the Amended OrbiMed Credit Agreement are: (i) secured by substantially all assets of the Borrower, subject to the security interest in certain assets granted to Counterparty on February 22, 2016, and (ii) guaranteed by the Company and each of its subsidiaries. Such guarantees are secured by substantially all assets of the guarantors. The security interests granted by Borrower, the Company, Cross Farm, UMSL and Unitract Syringe Pty Limited, or Unitract Syringe, are evidenced by, among other things, a Pledge and Security Agreement, a Mortgage and Security Agreement and a General Security Deed.

The Amended OrbiMed Credit Agreement contains certain customary covenants, including among other things, covenants relating to financial performance and liquidity targets. The Amended OrbiMed Credit Agreement also contains covenants that, among other things, require us to obtain consent from the Lender prior to paying dividends, making certain investments, incurring debt or liens (with certain exceptions), changing the nature of our business, assuming or guaranteeing the indebtedness of another entity or individual, selling or otherwise disposing of a substantial portion of our assets, merging or consolidating with another entity, or issuing equity securities in excess of 40% of our outstanding shares of common stock to a person or group (within the meaning of Rule 13d-5 of the Exchange Act).

A breach of any of the covenants in the Amended OrbiMed Credit Agreement could result in a default under that agreement.

Upon the occurrence of an event of default, a default interest rate of 14.25% per annum plus the greater of three-month LIBO Rate or 1.0% shall apply during the existence of a default. There is also a risk that the Lender could obtain rights to the secured assets in the event we default on our obligations under the Amended OrbiMed Credit Agreement. Additionally, the Lender could elect to declare all amounts outstanding under the Amended OrbiMed Credit Agreement to be immediately due and payable, and terminate all commitments to extend further credit.

In addition, on October 20, 2010, Cross Farm entered into a Loan Agreement with First National Bank ("FNB"), formerly Metro Bank, as amended in connection with the Amended OrbiMed Credit Agreement on March 12, 2015, or the Metro Bank Loan. The Metro Bank Loan is secured by a mortgage lien and a continuing security interest in Cross Farm's personal property, and contains certain customary covenants, including the maintenance of $2.4 million of restricted cash that must remain in cash deposits (on which FNB has a first priority security interest). In addition, we are required to maintain a cash balance of $3.0 million inclusive of the $2.4 million of restricted cash. Upon the occurrence of an event of default under the agreement evidencing the Metro Bank Loan, there is a risk that FNB could obtain rights to the secured assets. Additionally, FNB could elect to declare all amounts outstanding under the Metro Bank Loan to be immediately due and payable.

Furthermore, on or about December 17, 2010, Keystone Redevelopment Group, LLC made a loan to Cross Farm in the original principal amount of $2.25 million which was secured by a mortgage lien. Keystone Redevelopment Group, LLC assigned the loan and mortgage, or the Keystone/CFA Loan, to Commonwealth Financing Authority. Upon the occurrence of an event of default under the agreements evidencing the Keystone/CFA Loan, there is a risk that Commonwealth Financing Authority could obtain rights to the mortgaged property.

On February 22, 2016, the Company and Counterparty entered into the Counterparty SPA, pursuant to which the 2016 Convertible Note was issued. Upon an occurrence of an event of default under the 2016 Convertible Note, Counterparty could elect to declare all amounts outstanding under the 2016 Convertible Note to be immediately due and payable.

There are cross-default provisions in the Amended OrbiMed Credit Agreement, Metro Bank Loan, Keystone/CFA Loan and the 2016 Convertible Note, so that a default under one debt instrument could trigger a default under the others. As noted above, events of default under these debt instruments could result in the applicable counterparties demanding repayment of our debt. If such counterparties were to make such a demand for repayment, we would be unable to pay the obligations as we do not have existing facilities or sufficient cash on hand to satisfy these obligations. These factors continue to raise substantial doubt about our ability to continue as a going concern.

We may face significant uncertainty in the industry due to government healthcare reform.

The healthcare industry in the United States is subject to fundamental changes due to the ongoing healthcare reform and the political, economic and regulatory influences. In March 2010, comprehensive healthcare reform legislation was signed into law in the United States through the passage of the Patient Protection and Affordable Health Care Act and the Health Care and Education Reconciliation Act. Among other initiatives, the legislation provides for a 2.3% annual excise tax on the sales of certain medical devices in the United States, commencing in January 2013. A manufacturer of a taxable medical device may, in certain circumstances, sell a taxable medical device tax-free for use by the purchaser for further manufacture (or for resale by the purchaser to a second purchaser for further manufacture), or for export (or for resale for export). We believe that the 2.3% annual excise tax is not applicable to us because our products are sold to our customers as components for further assembly by our customers. However, we cannot give assurances that the U.S. Internal Revenue Service will treat the sale of our products to our customers for use in their drug-device combination products as tax-free sales. Accordingly, this enacted excise tax may adversely affect our operating expenses and results of operations. In addition, various healthcare reform proposals have also emerged at the state level. We cannot predict with certainty what healthcare initiatives, if any, will be implemented at the state level, or what the ultimate effect of federal healthcare reform or any future legislation or regulation may have on us or on our customers' purchasing decisions regarding our products and services.

Some companies we may utilize for the supply of components are also competitors, and they could elect to cease supply relationships with us in the future for competitive reasons.

Some companies we may utilize for the supply of components for our proprietary products also develop and market their own products that compete with ours. These companies may elect to cease supply relationships with us in the future for competitive reasons. This may disrupt our supply chain, cause difficulties in the qualification of new sources of supply and impair our ability to supply customer orders. Such events may have a material adverse effect on our results of operations, our financial condition and/or cash flows.

The injectable drug delivery systems industry is very competitive.

The market for injectable drug delivery systems is highly competitive. We compete against many companies, both public and private, that range in size from small, highly focused businesses to large diversified multinational manufacturers of medical devices and healthcare equipment. Our larger competitors have greater financial and human resources, distribution channels and sales and marketing capabilities than we do which may provide them a competitive advantage in acquiring new customers.

Additionally, while our customizable products and multi-source strategy for components and raw materials provides us significant differentiation in the medical device markets, it also makes supplier relationships a key aspect of our business model. Many of our competitors are vertically integrated and may source their own raw materials and/or produce their own commodity components such as plastics, glass or elastomers. As such, these competitors have greater control over the supply of these components and are therefore not subject to the same supply chain risks to which we are subject. Furthermore, because we do not produce these commodity components ourselves, we may need to purchase certain components from commodity component suppliers who are also our device competitors. Such supplier-competitors may have a disincentive to meet our supply chain needs on terms that are favorable to us.

We are also subject to competition from our customers. In particular, our customers can decide to develop their own injectable drug delivery systems internally. Moreover, we may face indirect competition from companies who develop and market alternative treatments and delivery methods that compete with our customers' drug-device combination products that utilize our products.

Our ability to compete effectively depends upon our ability to distinguish our company and our products from our competitors and their products. Factors affecting our competitive position include, for example, product design and performance, pricing of our services and products, product safety, sales, marketing and distribution capabilities, success and timing of new product development and introductions, intellectual property protection and our financial wherewithal and perception thereof.

We may be unable to protect our intellectual property rights or may infringe on the intellectual property rights of others.

Our success depends in part on our ability to obtain and maintain protection in the United States and other countries of the intellectual property relating to or incorporated into our technology and products. Granted patents expire at varying dates based on the filing date of the related application. Patents relating to our wearable injectors expire between calendar years 2032 and 2036, with some patents for other products expiring earlier. . Pending and/or future filed patent applications covering relevant advancements in our technologies could extend well beyond 2036 once granted. Our pending and future patent applications may not issue as patents or, if issued, may not issue in a form that will provide us with any competitive advantage or adequate protection. In particular, the injectable drug delivery systems which we are developing and for which we have filed patent applications are relatively new inventions, and we cannot be sure that we will be able to obtain patents on these inventions. Our issued and future patents may be challenged, narrowed, invalidated or circumvented, which could limit our ability to stop competitors from marketing similar technology or products or limit the length of terms of patent protection we may have for our technology or products. Changes in patent laws or their interpretation in the United States and other countries could also diminish the value of our intellectual property or narrow the scope of our patent protection. In addition, the legal systems of certain countries do not favor the aggressive enforcement of patents, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing technology or products similar or identical to ours. In order to preserve and enforce our patent and other intellectual property rights, we may need to make claims or file lawsuits against third parties. This can entail significant costs to us and divert our management's attention from developing and commercializing our technology or products.

There also can be no assurance that third parties will not assert that our technology or products infringe their patent or other intellectual property rights. Any claims, with or without merit, could be time-consuming, result in costly litigation, divert the efforts of our technical and management personnel or require us to pay substantial damages. If we are unsuccessful in defending ourselves against these types of claims, we may be required to do one or more of the following:

- stop, delay or abandon our ongoing or planned commercialization of the product that is the subject of the suit;

- attempt to obtain a license to sell or use the relevant technology or substitute technology, which license may not be available on reasonable terms or at all;
- redesign the product that uses the relevant technology; or
- pay damages which could adversely impact our financial condition and ability to execute our business plan and operations.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how. We generally seek to protect this information by confidentiality agreements with our employees, consultants, scientific advisors, contractors and third parties. These agreements may be breached, and we may not have adequate remedies for any such breach. In addition, our trade secrets may otherwise become known or be independently developed by competitors. To the extent that our employees, consultants, scientific advisors or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

We, as an FDA-registered medical device manufacturer and component supplier to our customers, are required to comply with cGMP for any products we supply to our customers for clinical or commercial use. If we fail to comply with cGMP for our manufacturing facility, our business and our results of operations would be harmed.

Our QMS is regularly audited by regulatory authorities for compliance with the requirements of, and certified to, ISO 13485, Medical Devices – Quality Management Systems – Requirements, for regulatory purposes, which is equivalent to QSR for FDA compliance. As an FDA registered medical device manufacturer, we are periodically audited by the FDA pursuant to the QSRs and cGMP with the last audit occurring in 2013 where there were no formal findings. In addition, our QMS is regularly audited by existing and prospective customers.

If we do not continue to have our QMS in compliance with ISO certifications or receive major non-conformances by the FDA or other foreign regulatory authorities during audits of our QSRs and cGMP, we may experience regulatory related delays as a result. If we do not comply with cGMP when supplying any products to our customers for clinical or commercial use, our failure could have a material adverse impact on our business, prospects, results of operations, cash flows and financial condition.

If we or our suppliers experience interruptions in manufacturing operations, our business will suffer.

We currently manufacture our products at our York, Pennsylvania facility, with no alternate facilities available. We also use a number of suppliers to supply components for our products. If we or our suppliers were to experience a manufacturing disruption as a result of damage or destruction of the building, equipment failure, acts of God or other force majeure events, our ability to satisfy our obligations to our customers would be adversely affected, which would harm our business and our results of operations.

The sale of any of our proprietary products could be stopped, delayed or made less profitable if our manufacturing facility fails to provide us with sufficient quantities of our proprietary products or fails to do so at acceptable quality levels or prices and in a timely manner.

To manufacture our proprietary products in the quantities and at the prices that we believe would be required to meet anticipated market demand of future customers, or in the event of increased orders from our current customers, we would need to increase manufacturing capacity, which would involve typical scale-up challenges. In addition, any expansion to our existing commercial-scale manufacturing capabilities may require us to either outsource manufacturing capabilities to third parties and/or to invest substantial funds and hire and retain technical personnel who have the necessary manufacturing experience. We may not successfully complete any manufacturing scale-up activities required to increase existing manufacturing capabilities in a timely manner, or at all.

Product defects could adversely affect the results of our operations.

The design, manufacture and marketing of our products involve certain inherent risks. Manufacturing or design defects, unanticipated use of our products, or inadequate disclosure of risks relating to the use of the product can lead to injury or other adverse events. These events could lead to recalls or safety alerts relating to our products (either voluntary or required by the FDA or similar governmental authorities in other countries), and could result, in certain cases, in the removal of a product from the market. Any recall could result in significant costs, the loss of a customer, negative publicity and damage to our reputation that could reduce demand for our products. Personal injuries relating to the use of our products can also result in product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in the launch of new products.

Because our proprietary products, in connection with our customers' injectable therapies, will be drug-device combination products, we also face additional risks of recalls that could be caused by our customers' therapies. Any such recall could similarly result in significant costs, negative publicity and damage to our reputation, even if caused by a customer's products. We may also realize significant costs and delay in finding a substitute customer to sell into the affected market, if one can be found at all.

We may be sued for product liability claims, which could adversely affect our business.

The design, manufacture and marketing of our products carry a significant risk of product liability claims. We may be held liable if any product we develop and sell to our customers causes injury or is found otherwise unsuitable during product testing, manufacturing, marketing, sale or consumer use. In addition, since our products will be used in our customers' drug-device combination products, we may be sued for product liability even if the claimed injury is caused by our customers' injectable therapies and not our products. We carry product liability insurance in the amount of $10 million. However, if there were to be product liability claims against us, our insurance may be insufficient to cover the expense of defending against such claims, or may be insufficient to pay or settle such claims. Furthermore, we may be unable to obtain adequate product liability insurance coverage for sales of any of our products or our customers' drug-device combination products that utilize our products. If such insurance is insufficient to protect us, our results of operations will suffer. If any product liability claim is made against us, our reputation and future sales will be damaged, even if we have adequate insurance coverage. We also intend to seek product liability insurance for any products that we may develop or acquire and any of our products that are used in combination with our customers' injectable therapies in the future. There is no guarantee that such coverage will be available when we seek it or at a reasonable cost to us.

Our relationships with customers will be subject to applicable state, federal and healthcare laws and regulations, which could result in criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and third party payers will play a primary role in the recommendation and prescribing of any drug-device combination products for which our customers obtain marketing approval. Our future arrangements with our customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may affect the business or financial arrangements and relationships through which we would market, sell and distribute our products. Although we do not and will not control referrals of healthcare services or bill directly to Medicare, Medicaid or other third party payers, federal and state healthcare laws and regulations may be applicable to our business.

Efforts to ensure that our business arrangements with third parties are compliant with applicable healthcare laws and regulations will involve the expenditure of appropriate, and possibly significant, resources. Nonetheless, it is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment and the curtailment or restructuring of our operations.

We cannot give any assurance that we will be able to complete the development and sale of new or customized injectable drug delivery systems in response to the emerging needs of our pharmaceutical and biotechnology customers.

Our injectable drug delivery systems, including customized products, are a response to changes in medical technologies, industry standards and the emerging needs of our pharmaceutical and biotechnology customers. Our success will depend on our ability to continue developing and selling new injectable drug delivery systems and customizing our existing products to meet the changing needs of our customers. The development and customization of these injectable drug delivery systems requires significant research and development and expenditures of capital. There can be no assurance that our customization and development efforts will result in successful products that meet the changing needs of our customers.

We will continue to incur significant costs as a result of being a public company in both the United States and Australia.

We are subject to the periodic reporting requirements of the Exchange Act. Being a public reporting company in the United States entails significant expense, including costs required for us to comply with the Sarbanes-Oxley Act of 2002. In addition, because our shares of common stock are also listed on the ASX, in the form of CHESS Depositary Interests ("CDIs"), we are also required to file financial information and make certain other filings with the ASX. Our status as a reporting company in both the United States and Australia makes some activities more time-consuming and costly and causes us to incur legal, accounting and other expenses that are higher than those that are typically incurred by companies that are subject to reporting requirements in only one jurisdiction. Being subject to multiple and sometimes competing reporting frameworks also subjects us to greater risk of non-compliance.

The costs of raw materials have a significant impact on the level of expenses that we incur. If the prices of raw materials and related factors such as energy prices increase, and if we cannot pass those price increases on to our customers, our results of operations and financial condition would suffer.

We use a number of raw materials including polymer plastics. The prices of many of these raw materials, such as those sourced from petroleum-based raw materials, are cyclical and volatile. While we would generally attempt to pass along increased costs to our customers in the form of sales price increases, we might not be able to do so for competitive or contract-related reasons or otherwise. If we cannot set or adjust our prices to reflect the costs of our raw materials, our results of operations and our financial condition will suffer.

Disruptions in the supply of key raw materials and difficulties in the supplier qualification process could adversely impact our operations.

We employ a supply chain management strategy which seeks to source components and materials from a number of established third party companies. Where possible, we seek to establish more than one contract for the supply of a particular component, material or service. However, there is a risk that our supply lines may be interrupted in the event of a supplier production problem, material recall or financial difficulties. If one of our suppliers is unable to supply materials required for production of our products or our strategies for managing these risks are unsuccessful, we may be unable to complete the production of sufficient quantities of product to fulfill customer orders, or complete the qualification of new replacement materials for some programs in time to meet future production requirements. Prolonged disruptions in the supply of any of our key raw materials or components, and difficulty in completing qualification of new sources of supply or in implementing the use of replacement materials or new sources of supply could have a material adverse effect on our results of operations, our financial condition or cash flows.

We are subject to regulations related to conflict minerals, which could adversely impact our operations.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC issued final rules regarding disclosure of the use of tantalum, tin, and tungsten (or their ores) and gold, or conflict minerals, which are mined from the Democratic Republic of the Congo and adjoining countries. We are now required to report on the source of any conflict minerals used in our products, as well as the process we use to determine the source of such materials. We have and will continue to incur expenses as we work with our suppliers to remain in compliance with these requirements and compliance with these requirements could adversely affect the sourcing, supply, and pricing of our raw materials. We may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products. In addition, we may encounter challenges satisfying customers who require that all of the components of our products be certified as conflict free. If we are unable to comply with these requirements, it could have a material adverse effect on our results of operations, our financial condition or cash flows.

Impairment of our goodwill, which represents a significant portion of our total assets, would adversely affect our operating results and we may never realize the full value of our goodwill.

As of June 30, 2016, we had $9.4 million of goodwill on our balance sheet, which represented 10.7% of our total assets. We recorded this goodwill primarily from our historical acquisition activities. Goodwill is subject to, at a minimum, an annual impairment assessment of its carrying value. Any material impairment of our goodwill would likely have a material adverse impact on our results of operations.

Global economic conditions and risks could adversely affect our business and operations.

In recent years, the commercial and financial markets have been faced with very challenging global economic conditions, particularly in the United States and Europe. Certain of our customers and potential customers are international pharmaceutical and biotechnology companies based in the United States or in Europe. Deterioration in the global economic environment, particularly in those regions, may result in decreased demand for our products and services, downward pressure on the prices for our products, longer sales cycles, and slower adoption of new technologies. A weakening of macroeconomic conditions may also adversely affect our suppliers based in the United States or Europe, which could result in interruptions in supply in the future. Similarly, this international exposure of our business may subject us to less intellectual property protection in some countries outside the U.S., non-U.S. regulatory requirements, trade protection measures and import or export licensing requirements. There can be no assurance that a deterioration of economic conditions in international markets will not adversely affect our future results. Moreover, changes in foreign currency exchange rates can affect the value of our assets and liabilities, and the amount of our revenue and expenses. We do not currently try to mitigate our exposure to currency exchange rate risks by using hedging transactions. We cannot predict future changes in foreign currency exchange rates, and as a result, we may suffer losses as a result of future fluctuations.

Changes in reimbursement practices of third party payers could affect the demand for some of our products and the prices at which they are sold and adversely affect our financial condition and results of operations.

Sales of our products, if any, may depend, in part, on the extent to which healthcare providers and facilities are reimbursed by government authorities, private insurers and other third party payers for the costs of our products. The coverage policies and reimbursement levels of third party payers, which can vary among public and private sources and by country, may affect which products customers purchase and the prices they are willing to pay for those products in a particular jurisdiction. Reimbursement rates can also affect the acceptance rate of new technologies and products. Legislative or administrative reforms to reimbursement systems in the United States or abroad, or changes in reimbursement rates by private payers, could adversely affect customer demand or the price customers are willing to pay for our products, which could in turn adversely impact our financial condition and results of operations.

Failure to successfully implement, manage and/or integrate critical information systems, disruption of these systems or material breaches of the security of systems involved in our operations may adversely affect our business and customer relationships.

We rely on our information technology systems, or ITS, to process, transmit, and store electronic information in our day-to-day operations. Some of the information stored is commercially sensitive, such as information regarding our customers and our intellectual property. We actively update our ITS to ensure protection and to prevent redundancy. However, electronic attacks, system crashes, destruction from unexpected tragedies and unauthorized access is a common risk to all ITS in today's business world. There can be no assurances that our protective measures will prevent the events mentioned or other similar instances which could have a significant impact on our business and customer relationships.

We depend on our executive officers and key personnel and the loss of them could adversely affect our business.

Our success depends upon the efforts and abilities of our executive officers and other key personnel, particularly Mr. John Ryan, our President and Chief Executive Officer and Ian Hanson, our Chief Operating Officer and Senior Vice President, to provide strategic direction, manage our operations and maintain a cohesive and stable environment. Although we have employment agreements with Messrs. Ryan and Hanson, as well as incentive compensation plans that provide various economic incentives for them to remain with us, these agreements and incentives may not be sufficient to retain them. Our ability to operate successfully and manage our potential future growth also depends significantly upon our ability to attract, retain and motivate highly skilled and qualified research, technical, clinical, regulatory, sales, marketing, managerial and financial personnel. We face intense competition for such personnel, and we may not be able to attract, retain and motivate these individuals. The loss of our executive officers or other key personnel for any reason or our inability to hire, retain and motivate additional qualified personnel in the future could prevent us from sustaining or growing our business.

Failure to effectively execute on our cost reduction measures could result in total costs that are greater than expected or revenues that are less than anticipated.

The Company has been implementing cost reduction measures as it focuses operations on the programs of key strategic customers. As part of these cost reduction measures, the Company's workforce has been reduced to approximately 140 employees as of July 28, 2016, a reduction of more than 40% since January 2016 and a reduction of approximately 50% since July 1, 2015. We may have further cost reduction initiatives in the future. Risks associated with such measures include adverse effects on employee morale and the failure to meet operational targets due to the loss of employees, any of which may impair our ability to achieve anticipated cost reductions or may otherwise harm our business.

Risk Factors Related to Our Shares of Common Stock

The trading price of our shares of common stock may fluctuate significantly.

The price of our shares of common stock may be volatile, which means that it could decline substantially within a short period of time. The trading price of the shares may fluctuate, and investors may experience a decrease in the value of the shares that they hold, sometimes regardless of our operating performance or prospects. The trading price of our common stock could fluctuate significantly for many reasons, including the following:

- future announcements concerning our business and that of our competitors including in particular, the progress of the commercialization of our products and sale of our injectable drug delivery systems;
- unsuccessful capital raising activities;
- employee departures;
- regulatory developments;
- the impact (including costs) and results of any litigation or regulatory inquiries or investigations related to the findings of the Investigation;
- quarterly variations in operating results;
- negative reporting about us in the press;
- introduction of new products or changes in product pricing policies by us or our competitors;
- acquisition or loss of significant customers, distributors or suppliers;
- business acquisitions or divestitures;
- fluctuations of investor interest in the injectable drug delivery systems industry; and
- fluctuations in the economy, world political events or general market conditions.

If there are substantial sales of our shares of common stock, our share price could decline.

As of October 17, 2016, we had 17,342,043 shares of common stock outstanding. All of those shares of common stock other than 386,425 shares held by our affiliates are freely tradable under the Securities Act. Shares held by our affiliates are eligible for resale pursuant to Rule 144. If our stockholders sell a large number of shares of common stock, or the short interest position increases significantly, the market may perceive that our stockholders might sell a large number of shares, which could cause the price of our common stock to decline significantly.

In addition, as of October 17, 2016, 1,887,847 shares of our common stock are subject to outstanding stock options and warrants. We have registered the shares issuable upon the exercise of options granted under our Amended and Restated 2009 Stock Incentive Plan. If options and warrants are exercised and the holders sell their shares, such sales could have an adverse effect on the market price of our common stock.

We do not intend to pay cash dividends in the foreseeable future.

For the foreseeable future, we do not intend to declare or pay any dividends on our common stock. We intend to retain our earnings, if any, to finance the development of our business and products. Any future decision to declare or pay dividends will be made by our Board and will depend upon a number of factors including our financial condition and results of operations. In addition, under our current bank financing agreements, we are not permitted to pay cash dividends without the prior written consent of the lender.

We may be subject to arbitrage risks.

Investors may seek to profit by exploiting the difference, if any, in the price of our shares of common stock on the NASDAQ and our CDIs on the ASX. Such arbitrage activities could cause our stock price in the market with the higher value to decrease to the price set by the market with the lower value.

Our certificate of incorporation, bylaws, and the Delaware General Corporation Law may delay or deter a change of control transaction.

Certain provisions of our certificate of incorporation and bylaws may have the effect of deterring takeovers, such as those provisions authorizing our Board to issue, from time to time, any series of preferred stock and fix the designation, powers, preferences and rights of the shares of such series of preferred stock; prohibiting stockholders from acting by written consent in lieu of a meeting; requiring advance notice of stockholder intention to put forth director nominees or bring up other business at a stockholders' meeting; prohibiting stockholders from calling a special meeting of stockholders; requiring a 66 2/3% majority stockholder approval in order for stockholders to amend our bylaws or adopt new bylaws; and providing that, subject to the rights of preferred shares, the number of directors is to be fixed exclusively by our Board. Section 203 of the Delaware General Corporation Law, from which we did not elect to opt out, provides that if a holder acquires 15% or more of our stock without prior approval of our Board, that holder will be subject to certain restrictions on its ability to acquire us within three years. These provisions may delay or deter a change of control of us, and could limit the price that investors might be willing to pay in the future for shares of our common stock.

PART II

Item 6. Selected Financial Data

The following table presents our selected consolidated financial data as of and for each of the fiscal years in the five-year period ended June 30, 2015. The statements of operations data for the fiscal years 2015, 2014 and 2013 and the balance sheet data as of June 30, 2015 and 2014 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. All such data should be read in conjunction with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and the related notes thereto included elsewhere in this report. The statements of operations data for the fiscal years ended June 30, 2012 and 2011 and the balance sheet data as of June 30, 2013, 2012 and 2011 have been derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K. Historical results are not necessarily indicative of the results to be expected in the future.

	Fiscal Years Ended June 30,				
	2015	2014	2013	2012	2011
	(In thousands, except share data)				
Statements of Operations Data:					
Revenue(a)	$ 13,158	$ 14,689	$ 2,743	$ 5,519	$ 6,650
Net loss	(90,849)	(57,899)	(63,198)	(52,302)	(40,682)
Basic and diluted net loss per share (b)	(8.10)	(5.90)	(7.79)	(7.75)	(7.03)
Balance Sheet Data:					
Total assets	$ 96,393	$ 81,768	$ 68,401	$ 82,308	$ 89,478
Long-term debt, including current portion	80,435	55,448	23,871	28,765	22,687

(a) Includes $2.3 million, $2.6 million, $4.1 million, and $3.9 million in connection with our former exclusive licensing agreement and our industrialization agreement with Sanofi in the fiscal years ended June 30, 2014, 2013, 2012 and 2011, respectively.

(b) On May 13, 2016, pursuant to prior stockholder authorization, the Company effected a reverse split of the Company's common stock, pursuant to which every ten (10) shares of common stock outstanding before the reverse split were converted into one (1) share of common stock after the reverse split. All share and per share amounts, and exercise and conversion prices for all periods presented in this Item 6 have been adjusted to reflect the reverse split as if it had occurred at the beginning of the first period presented.

Item 8. Financial Statements and Supplementary Data

On May 13, 2016, pursuant to prior stockholder authorization, the Company effected a reverse split of the Company's common stock, pursuant to which every ten (10) shares of common stock outstanding before the reverse split were converted into one (1) share of common stock after the reverse split. All share and per share amounts, and exercise and conversion prices for all periods presented in this 2015 10-K Amendment have been adjusted to reflect the reverse split as if it had occurred at the beginning of the first period presented.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Unilife Corporation:

We have audited Unilife Corporation and subsidiaries (the Company) internal control over financial reporting as of June 30, 2015, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

- Ineffective tone at the top and design and operation of controls to monitor, investigate and communicate non-compliance with the Company's Code of Conduct;

- Insufficient number of trained resources with responsibility and accountability for financial reporting processes and controls;
- Ineffective continuous risk assessment process;
- Ineffective information and communication processes and monitoring activities regarding related party transactions;
- Ineffective operation of certain process level controls due to management override of controls, including related party transactions and loans and advances to executives and a former Board member; and
- Ineffective program change and access general information technology controls resulting in ineffective process level automated controls and ineffective compensating manual controls.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Unilife Corporation and subsidiaries as of June 30, 2015 and 2014, and the related consolidated statements of operations and comprehensive loss, stockholders' (deficit) equity, and cash flows for each of the years in the three-year period ended June 30, 2015. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2015 consolidated financial statements, and this report does not affect our report dated September 14, 2015, except for the revisions to the consolidated financial statements as discussed in note 2 and the restatement as to the effectiveness of internal control over financial reporting regarding the various material weaknesses, as to which the date is October 21, 2016, which expressed an unqualified opinion on those consolidated financial statements. Our report on the consolidated financial statements dated October 21, 2016 contains an explanatory paragraph describing revisions to the consolidated financial statements more fully described in note 2 related to the May 13, 2016 10:1 reverse split of the Company's common stock, and the correction of immaterial errors and omitted disclosures regarding restricted cash and related party transactions. Our report on the consolidated financial statements dated October 21, 2016 also contains an explanatory paragraph that states there is substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In our opinion, because of the effect of the aforementioned material weaknesses on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of June 30, 2015, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting has been restated by the Company's management to disclose the aforementioned material weaknesses and the resultant ineffectiveness of its internal control over financial reporting.

/s/ KPMG LLP

Harrisburg, Pennsylvania

September 14, 2015, except for the revisions to the consolidated financial statements discussed in note 2 and the restatement as to the effectiveness of internal control over financial reporting for various material weaknesses described above, as to which the date is October 21, 2016.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Unilife Corporation:

We have audited the accompanying consolidated balance sheets of Unilife Corporation and subsidiaries (the Company) as of June 30, 2015 and 2014, and the related consolidated statements of operations and comprehensive loss, stockholders' (deficit) equity, and cash flows for each of the years in the three-year period ended June 30, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unilife Corporation and subsidiaries as of June 30, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2015, in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the consolidated financial statements, the consolidated financial statements have been revised to reflect a May 13, 2016 10:1 reverse split of the Company's common stock as if it had occurred at the beginning of the first period presented and to correct immaterial errors and omitted disclosures regarding restricted cash and related party transactions.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 3 to the consolidated financial statements, the Company has incurred recurring losses from operations and has limited cash resources, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2015, based on criteria established in *Internal Control–Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated September 14, 2015, except for the restatement as to the effectiveness of internal control over financial reporting for material weaknesses described therein, which is as of October 21, 2016, expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Harrisburg, Pennsylvania
September 14, 2015, except for the revisions to the consolidated financial statements discussed in note 2 and the restatement as to the effectiveness of internal control over financial reporting for various material weaknesses, as to which the date is October 21, 2016.

UNILIFE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

	June 30, 2015	June 30, 2014
	(In thousands, except share data)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 12,303	$ 8,368
Restricted cash	2,400	2,400
Restricted cash – related party	2,264	—
Accounts receivable	1,530	1,860
Inventories	151	142
Prepaid expenses and other current assets	656	1,108
Total current assets	19,304	13,878
Property, plant and equipment, net	66,148	54,588
Goodwill	9,685	11,830
Other assets	1,256	1,472
Total assets	$ 96,393	$ 81,768
Liabilities and Stockholders' (Deficit) Equity		
Current Liabilities:		
Accounts payable	$ 4,042	$ 3,583
Due to related party	2,264	—
Accrued expenses	5,074	3,339
Current portion of long-term debt	775	613
Deferred revenue	4,942	717
Total current liabilities	17,097	8,252
Long-term debt, less current portion	79,660	54,835
Deferred revenue	17,550	12,550
Total liabilities	114,307	75,637
Commitments and Contingencies (Note 9)		
Stockholders' (Deficit) Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized as of June 30, 2015; none issued or outstanding as of June 30, 2015 and 2014	—	—
Common stock, $0.01 par value, 250,000,000 shares authorized as of June 30, 2015; 13,197,616 and 10,361,728 shares issued, and 13,194,748 and 10,358,861 shares outstanding as of June 30, 2015 and 2014, respectively	132	104
Additional paid-in-capital	366,005	297,101
Accumulated deficit	(384,580)	(293,731)
Accumulated other comprehensive income	669	2,797
Treasury stock, at cost, 2,867 shares as of June 30, 2015 and 2014	(140)	(140)
Total stockholders' (deficit) equity	(17,914)	6,131
Total liabilities and stockholders' (deficit) equity	$ 96,393	$ 81,768

See accompanying notes to the consolidated financial statements.

UNILIFE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Loss

	Year Ended June 30,		
	2015	2014	2013
	(In thousands, except per share data)		
Revenue	$ 13,158	$ 14,689	$ 2,743
Cost of product sales	—	—	128
Research and development	52,487	34,111	21,749
Selling, general and administrative	36,176	27,894	32,437
Depreciation and amortization	4,923	4,079	9,487
Total operating expenses	93,586	66,084	63,801
Operating loss	(80,428)	(51,395)	(61,058)
Interest expense	6,368	7,332	2,392
Other income	(226)	(228)	(252)
Change in fair value of financial instruments	4,279	(600)	—
Net loss	(90,849)	(57,899)	(63,198)
Other comprehensive loss (income):			
Foreign currency translation	2,128	(340)	978
Comprehensive loss	$(92,977)	$(57,559)	$(64,176)
Net loss per share:			
Basic and diluted net loss per share	$ (8.10)	$ (5.90)	$ (7.79)

See accompanying notes to the consolidated financial statements.

UNILIFE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' (Deficit) Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total
	(In thousands, except share data)						
Balance as of June 30, 2012	7,584,944	$ 76	$ 213,008	$ (172,634)	$ 3,435	$ (140)	$ 43,745
Net loss	—	—	—	(63,198)	—	—	(63,198)
Foreign currency translation	—	—	—	—	(978)	—	(978)
Share-based compensation expense	261,117	3	13,284	—	—	—	13,287
Issuance of common stock from public offering, net of issuance costs	1,560,540	16	39,666	—	—	—	39,682
Exercise of warrant to purchase common stock	142,422	1	2,833	—	—	—	2,834
Issuance of common stock upon exercise of stock options	11,233	—	226	—	—	—	226
Balance as of June 30, 2013	9,560,256	96	269,017	(235,832)	2,457	(140)	35,598
Net loss	—	—	—	(57,899)	—	—	(57,899)
Foreign currency translation	—	—	—	—	340	—	340
Share-based compensation expense	159,310	2	8,314	—	—	—	8,316
Issuance of common stock from public offerings, net of issuance costs	501,215	5	16,851	—	—	—	16,856
Issuance of common stock upon exercise of stock options	140,947	1	2,919	—	—	—	2,920
Balance as of June 30, 2014	10,361,728	104	297,101	(293,731)	2,797	(140)	6,131
Net loss	—	—	—	(90,849)	—	—	(90,849)
Foreign currency translation	—	—	—	—	(2,128)	—	(2,128)
Share-based compensation expense	989,008	10	11,765	—	—	—	11,775
Issuance of common stock from public offerings, net of issuance costs	1,845,880	18	57,116	—	—	—	57,134
Issuance of common stock upon exercise of stock options	1,000	—	23	—	—	—	23
Balance as of June 30, 2015	13,197,616	$ 132	$ 366,005	$ (384,580)	$ 669	$ (140)	$ (17,914)

See accompanying notes to the consolidated financial statements.

UNILIFE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended June 30,		
	2015	2014	2013
	(In thousands)		
Cash flows from operating activities:			
Net loss	$(90,849)	$(57,899)	$(63,198)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	4,923	4,079	5,435
Loss on disposal of equipment	—	—	4,052
Share-based compensation expense	11,775	8,316	13,287
Recognition of deferred revenue	(125)	(3,187)	(2,623)
Non-cash interest expense	1,896	457	—
Change in fair value of financial instruments	4,279	(600)	—
Changes in assets and liabilities:			
Restricted cash – related party	(2,264)	—	—
Accounts receivable	330	(266)	388
Inventories	(9)	(71)	141
Prepaid expenses and other current assets	452	(704)	267
Other assets	87	(427)	(227)
Accounts payable	431	1,062	65
Due to related party	2,264	—	—
Accrued expenses	2,259	139	355
Deferred revenue	9,350	12,500	725
Net cash used in operating activities	(55,201)	(36,601)	(41,333)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(16,633)	(12,149)	(2,240)
Net cash used in investing activities	(16,633)	(12,149)	(2,240)
Cash flows from financing activities:			
Proceeds from the issuance of long-term debt	20,000	40,000	—
Principal payments on long-term debt and capital lease agreements	(606)	(7,616)	(5,024)
Proceeds from the issuance of common stock, net of issuance costs	57,134	16,856	42,707
Proceeds from the exercise of options to purchase common stock	23	2,534	226
Payment of royalty liability	(749)	—	—
Payments of financing costs	(52)	(487)	—
Net cash provided by financing activities	75,750	51,287	37,909
Effect of exchange rate changes on cash	19	95	(10)
Net increase (decrease) in cash and cash equivalents	3,935	2,632	(5,674)
Cash and cash equivalents at beginning of year	8,368	5,736	11,410
Cash and cash equivalents at end of year	$ 12,303	$ 8,368	$ 5,736
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 6,467	$ 3,222	$ 2,479
Supplemental disclosure of non-cash activities			
Purchases of property, plant and equipment in accounts payable and accrued expenses	$ 497	$ 991	$ 744
Purchases of property, plant and equipment pursuant to capital lease agreements	$ —	$ 125	$ 74

See accompanying notes to the consolidated financial statements.

UNILIFE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Description of Business

Unilife Corporation (together with its subsidiaries, the "Company") is a U.S. based designer, manufacturer and supplier of innovative injectable drug delivery systems that can enhance and differentiate the injectable drugs, biologics and vaccines, or collectively injectable therapies, of its pharmaceutical and biotechnology customers. The Company has a broad portfolio of proprietary product platforms, including pre-filled syringes, wearable injectors, insulin delivery systems, disposable and reusable auto-injectors, drug reconstitution delivery systems, ocular delivery systems and other systems for the targeted delivery of injectable therapies. Products within each platform are differentiated from competitors' products with a series of innovative features designed to optimize the safe, simple and convenient administration of an injectable therapy. The Company sells its products directly to pharmaceutical and biotechnology companies who incorporate them into the drug-device combination product that is supplied pre-filled and ready for administration by end-users such as health-care providers or patients. Products within each of the Company's platforms can be customized to address specific customer, therapy, patient and/or commercial requirements.

The Company's growing base of customers include Sanofi, MedImmune, AbbVie, Novartis and Hikma. In addition to the filling, assembly and/or packaging of its product with an injectable therapy, the Company's customers are also responsible for the regulatory approval, sale and marketing of their final drug-device combination product. With certain of our devices that we could sell directly to healthcare providers or end users without having them pre-filled with a drug by a pharmaceutical company, we would be responsible for the regulatory approval, sale and marketing of the final device. In addition to product sales, the Company can generate revenue and cash receipts from customization programs, upfront fees and exclusivity or royalty payments.

The Company is a Pennsylvania based and Delaware incorporated business since 2009, and was originally established in Australia in 2002.

2. Revisions to Financial Statements

a. Investigation

The Company announced an investigation into violations of the Company's policies and procedures and possible violations of law and regulation by the Company's former Chief Executive Officer, Alan Shortall, whose employment with the Company ceased on March 11, 2016, and its former Chairman, Jim Bosnjak, who resigned from the Company's Board of Directors (the "Board") on August 24, 2015 (the "Investigation"). The Board established a Special Committee of independent members of the Board of Directors to oversee the Investigation. Independent counsel conducted the Investigation with the assistance of an advisory firm with forensic accounting expertise.

The Investigation, which was completed on October 7, 2016, identified various related party transactions with officers and senior executives during fiscal 2013 to fiscal 2016 which were not properly recorded and/or disclosed in previously issued consolidated financial statements. In addition, the Investigation concluded that certain transactions represented loans to officers that may constitute violations of Section 402 of the Sarbanes-Oxley Act of 2002 ("SOX").

The following transactions which were evaluated as immaterial misstatements to the financial statements and omissions of disclosures are corrected in these comparative financial statements:

- The consolidated balance sheet as of June 30, 2015 was adjusted to record restricted cash-related party of $2,264,475 (the "Shortall Funds") and the same amount as a liability due to related party.
- The operating section of the consolidated statement of cash flows was adjusted to record the receipt of the Shortall Funds of $2,264,475 and the corresponding amount due to related party.
- Related Party Transactions footnote (see note 16) was revised to disclose the nature of the related party transactions, a description of the transactions and dollar amounts involved and any amounts due from or to as of the date of each balance sheet presented and the terms and manner of settlement.

To date, the SEC has not indicated whether any fines or penalties will be assessed against the Company in relation to these matters. The Company is unable to predict what action the SEC or other regulatory authority may take, if any, in relation to these matters or the impact, if any, of any such action on the Company's business, operations, cash flows and/or financial condition. If any fines or penalties are assessed against the Company they may be material.

b. *Reverse Split* . On May 13, 2016, pursuant to prior stockholder authorization, the Company effected a reverse split of the Company's common stock, pursuant to which every ten (10) shares of common stock outstanding before the reverse split were converted into one (1) share of common stock after the reverse split. All share and per share amounts, and exercise and conversion prices for all periods presented herein have been adjusted to reflect the reverse split as if it had occurred at the beginning of the first period presented. See notes 3, 5, 11, 17 and 18.

3. Liquidity

The Company has incurred recurring losses from operations as well as negative cash flows from operating activities in each of the years in the three-year period ended June 30, 2015 and anticipates incurring additional losses and negative cash flows until such time that it can generate sufficient revenue from the sale, customization, or exclusive use and licensing of its proprietary range of injectable drug delivery systems to pharmaceutical and biotechnology customers. These factors raise substantial doubt about the Company's ability to continue as a going concern. In order for the Company to continue operations beyond the next 12 months and be able to discharge its liabilities and commitments in the normal course of business, the Company has taken or will take the following steps delineated below, not all of which are entirely within the Company's control, to address its cash requirements.

On July 29, 2015, the Company entered into a Controlled Equity Offering Sales Agreement (the "New Sales Agreement") with Cantor Fitzgerald & Co., pursuant to which the Company may, from time to time, issue and sell shares of common stock, having an aggregate offering price of up to $25.0 million. Through September 14, 2015, the Company has issued 287,069 shares for net proceeds of $3.8 million under the New Sales Agreement.

On July 29, 2015, the Company entered into an equity purchase agreement (the "Purchase Agreement") with Lincoln Park Capital Fund, LLC ("LPC"), pursuant to which the Company may sell, from time to time, to LPC up to $45.0 million in shares of the Company's common stock through July 2017, subject to certain limitations and conditions set forth in the Purchase Agreement. Through September 14, 2015, the Company issued 324,465 shares of common stock to LPC and received net proceeds of approximately $4.8 million after expenses.

On September 2, 2015, the Company announced that it has engaged Morgan Stanley & Co. LLC to conduct a review of strategic alternatives to maximize shareholder value in response to third party initiated expressions of interest. Potential strategic alternatives to be explored and evaluated during the review process may include a possible sale of the Company, a strategic partnership with one or more parties or the licensing of some of the Company's proprietary technologies. The Company cannot provide any commitment regarding when or if this strategic review process will result in any type of transaction and no assurance can be given that the Company will determine to pursue a potential sale, strategic partnership or licensing arrangement.

The Company continues to have discussions with current and prospective customers for many active programs in its commercial pipeline and has executed several agreements featuring a combination of revenue streams including exclusivity fees, device customization programs and supply contracts that have begun to generate cash payments to the Company during fiscal year 2015. The Company expects to continue to execute agreements and generate additional cash payments during fiscal year 2016. Given the substantial size, complexity and long-term duration of many of these prospective agreements, some can take a significant time to negotiate and finalize.

The Company's near-term capital needs depend on many factors, including its ability to manage its costs, the amount and timing of revenue received from customer contracts, and its ability to successfully utilize the above equity facilities. The Company continues to evaluate other financing alternatives to provide additional operating funds on terms that are consistent with the Company's business plans. In addition the Company has conducted a review of its operations and implemented a plan to reduce operating expenses and delay capital expenditures to align with current business conditions. As part of the evaluation, on September 9, 2015, the Board approved a reduction of approximately 17% of its workforce. The workforce reduction is expected to reduce operating costs by approximately $4.3 million. In connection with this initiative, the Company expects to incur a charge of approximately $0.4 million to operating expenses in the three month period ending September 30, 2015. The Company plans to closely monitor expenses and attempt to further reduce, if necessary, the amount of cash used in operating activities and capital spending by scaling back or delaying capital expenditures, delaying investment in further research and development, or further workforce reductions.

The Company estimates that its cash and cash equivalents as of June 30, 2015, along with its restricted cash, together with the additional proceeds raised and that may be raised from the Purchase Agreement and New Sales Agreement, and combined

with anticipated cash to be generated from existing and prospective customer agreements are expected to provide the Company with sufficient liquidity for 12 months from the date the consolidated financial statements are issued. However, there can be no assurance that such cash from customer agreements or proceeds from the Purchase Agreement and New Sales Agreement will be available when needed, as such sources of liquidity are not entirely within the Company's control. If the Company is unable to obtain adequate financing or engage in a strategic transaction on acceptable terms and when needed, it will be required to implement further cost reduction strategies. In addition, a breach of any of the covenants related to the Company's debt instruments could result in a default under the applicable agreements which could result in a higher rate of interest to be paid or the lenders could elect to declare all amounts outstanding under the applicable agreements to be immediately due and payable. If the lenders were to make such a demand for repayment, the Company would be unable to pay the obligations as it does not have existing facilities or sufficient cash on hand to satisfy these obligations and would need to seek alternative financing. These factors, and the factors described above, continue to raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

4. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Unilife Corporation and its wholly-owned subsidiaries. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany accounts and transactions have been eliminated in consolidation.

On January 27, 2010, Unilife became the parent company of UMSL upon completion of the redomiciliation under Australian law and UMSL's stockholders and option holders exchanged their interests in UMSL for equivalent interests in Unilife.

References to the "Company" include Unilife Corporation and its consolidated subsidiaries, including UMSL, unless the context otherwise requires. References to "Unilife" are references solely to Unilife Corporation.

References to A$ mean the lawful currency of the Commonwealth of Australia. References to € or euros are to the lawful currency of the European Union.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates are principally in the areas of revenue recognition, royalty liability valuation and share-based compensation expense. Management bases its estimates on historical experience and various assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on hand, deposits at banks and other short-term highly liquid investments with original maturities of three months or less. Cash equivalents are stated at cost, which approximates fair value.

Accounts Receivable

Accounts receivable are stated at amounts due from customers, which also represents the net realizable amount. The Company evaluates the collectability of its accounts receivable on a periodic basis and has historically not recorded an allowance for doubtful accounts. In instances in which management becomes aware of circumstances that may impair a particular customer's ability to meet its obligation, the related receivable would be written off.

Inventories

Inventories consist primarily of raw materials. Inventories are stated at the lower of cost or market, with cost determined using the first in, first out method. The Company routinely reviews its inventory for obsolete, slow moving or otherwise impaired inventory and records estimated impairments in the periods in which they occur.

Property, Plant and Equipment

Property, plant and equipment, including significant improvements, are recorded at cost, net of accumulated depreciation and amortization. Repairs and maintenance are expensed as incurred.

Depreciation and amortization expense is recorded on a straight-line method over the estimated useful life of the asset as listed below:

Asset Category	Useful Lives
Building	40 years
Machinery and equipment	2 to 15 years
Computer software	3 to 7 years
Furniture and fixtures	3 to 7 years
Leasehold improvements	Shorter of leasehold improvement life or remaining term of lease

Interest cost incurred in connection with the development and construction of significant new machinery and equipment, as well as facility related costs have been capitalized as one of the elements of cost and are being amortized over the asset's respective useful life. Interest capitalized during the year ended June 30, 2015 was $2.2 million. There was no capitalized interest during the years ended June 30, 2014 or 2013.

The Company evaluates the recoverability of the recorded value of long-lived assets periodically to determine if facts and circumstances exist that would indicate that the assets might be impaired or that the useful lives should be modified. As part of this valuation, the Company develops projections of undiscounted future cash flows of the asset or asset group. The projections of undiscounted cash flows include a combination of revenue from customization and development activities, capital expenses that may be necessary to support projected product sales and commercial product sales. As customization and development activities are completed, commercial product sales are expected to scale-up. Expectations of future commercial product sales included in the projections used for the impairment analysis are based on customer-specific information as well as market estimates relating to the anticipated drugs and therapies being targeted for use with the Company's products. These projections also include assumptions of future sales growth and profitability based on contracts entered into with customers as well as future contracts to be entered into based on the current discussions and negotiations with existing and prospective customers.

Sales projections are based on assumptions including a transition in the market toward patient self-administration of injectable therapies as well as transitions in the market toward biological-based drugs in the pharmaceutical industry development pipeline. The Company's future sales could also be impacted by factors such as its ability to obtain new and retain existing customers, the timing and extent of the customers' drug development activities as well as the regulatory approval process, drug efficacy and industry acceptance of injectable therapies. If the Company's future sales or its projections of future sales are impacted by any one or more of the preceding factors, it will reassess the recorded value of the long-lived assets. If impairment is indicated, an adjustment will be made to reduce the carrying amount of these assets to their fair value.

Goodwill and Intangible Assets

Goodwill is the excess of purchase price over the fair value of net assets acquired in business acquisitions. Goodwill is subject to, at a minimum, an annual impairment assessment of its carrying value. Additional impairment assessments would be performed if events and circumstances warranted such additional assessments during the year. Goodwill impairment is deemed to exist if the net book value of the Company's reporting unit exceeds its estimated fair value. Estimated fair value of the Company's reporting unit is determined utilizing the value implied by the Company's year-end quoted stock price. There were no impairments recorded on goodwill during the years ended June 30, 2015, 2014 or 2013.

The Company has one reporting unit. The reporting unit includes its product lines, the base technology for which was obtained as part of our November 2002 acquisition of Unitract Syringe Pty Limited and the manufacturing capability which was obtained in our January 2007 acquisition of Integrated BioSciences, Inc. In estimating the reporting unit's fair value for purposes of the fiscal year 2015 impairment assessment, management compared the carrying value of the reporting unit to the Company's market capitalization as of June 30, 2015, which is its annual impairment testing date. The market capitalization of approximately $283.7 million, based on the quoted stock price on NASDAQ was in excess of the Company's stockholders' deficit of $17.9 million. Management also considered that market capitalization through early September 2015 continued to be in excess of the carrying value.

Definite-lived intangible assets include patents which are amortized on a straight-line method over their estimated useful lives of 15 years and are included in other assets. The Company reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When factors indicate a possible impairment, if the sum of the estimated undiscounted future cash flows expected to result from the use and eventual disposition of an asset is less than the carrying amount of the asset, an impairment may be recognized. Measurement of an impairment loss is based on the excess of the carrying value of the asset over its fair value. There were no impairments recorded on intangible assets during the years ended June 30, 2015, 2014 or 2013.

Deferred Financing Costs

Deferred financing costs are included in other assets on the consolidated balance sheets and consist of costs incurred in connection with debt financings. These costs are amortized and included in interest expense over the term of the related debt using the effective interest rate method.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are recorded to the extent the Company believes they will more likely than not be realized. In making such determinations, the Company considers all available positive and negative evidence, including future reversals of existing temporary differences, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected more likely than not to be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company's policy is to include interest and penalties related to uncertain tax positions within the provision (benefit) for income taxes within the Company's consolidated statements of operations and comprehensive loss.

Fair Value of Financial Instruments

In accordance with Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, the Company measures fair value based on a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. The fair value hierarchy is broken down into three levels based on the source of inputs.

The carrying value of financial instruments such as accounts receivable, accounts payable and accrued expenses are reasonable estimates of their fair value because of the short maturity of these items. The Company believes that the current carrying amount of its long-term debt approximates fair value because the interest rates on these instruments are similar to those rates that the Company would currently be able to receive for similar instruments of comparable maturity.

The Company has elected to measure its royalty liability at fair value in accordance with ASC 825, Financial Instruments.

The fair value of the royalty liability is based on significant inputs not observable in the market, which require it to be reported as a Level 3 liability within the fair value hierarchy. The valuation uses a methodology and assumptions that the Company believes would be made by a market participant. In particular, the valuation analysis uses a discounted cash flow methodology under the income approach based on the present value sum of payments to be made in the future. The fair value of the royalty liability is estimated by applying a risk adjusted discount rate to the adjusted royalty revenue stream. These fair value estimates are most sensitive to changes in the payment stream.

Share-Based Compensation

The Company grants equity awards to its employees, directors, consultants and service providers. Certain employee and director awards vest over stated vesting periods and others also require achievement of specific performance or market conditions. The Company expenses the grant-date fair value of awards to employees and directors over their respective vesting periods. To the extent that employee and director awards vest only upon the achievement of a specific performance condition, expense is recognized over the period from the date management determines that the performance condition is probable of achievement through the date they are expected to be met. Awards granted to consultants and service providers are sometimes granted for past services, in which case their fair value is expensed on their grant date, while other awards require future service, or the achievement of performance or market conditions. Timing of expense recognition for consultant awards is similar to that of employee and director awards; however, aggregate expense is re-measured each quarter-end based on the then fair value of the award through the vesting date of the award. The Company estimates the fair value of stock options using the Black-Scholes option-pricing model, with the exception of market-based grants, which are valued based on the Monte Carlo option pricing model. Option pricing methods require the input of highly subjective assumptions, including the expected stock price volatility.

Foreign Currency Translation

The Australian dollar is the functional currency for the Company's Australian operations. Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the rate of exchange existing at the end of the period. Revenues and expenses are translated at the average exchange rates during the applicable period. Adjustments resulting from these translations are recorded in accumulated other comprehensive income within the Company's consolidated balance sheets and will be included in income upon sale or liquidation of the foreign investment. Gains and losses from foreign currency transactions, denominated in a currency other than the functional currency, are recorded in other income within the Company's consolidated statements of operations and comprehensive loss and aggregated less than $0.1 million for each of the years ended June 30, 2015, 2014 and 2013.

Comprehensive Loss

Comprehensive loss includes net loss and other comprehensive loss (income). The Company's other comprehensive loss (income) consists only of foreign currency translation adjustments.

Revenue Recognition

The Company recognizes revenue from industrialization and development fees, licensing fees and product sales. The Company recognizes revenue from sales of products at the time of shipment when title passes to the customer. The Company recognizes up front, non-refundable fees ratably over the expected life of the related agreement. Revenue from industrialization and development fees is recognized as services are rendered or upon achievement of the "at risk" substantive milestone events, which represent the culmination of the earnings process related to such events. Substantive milestones can include specific deliverables such as product design, prototype availability, user tests, manufacturing proof of principle and the various steps to complete the industrialization of the product. The terms of these contracts provide for customer payments to be made as services are rendered or substantive milestones are achieved. The Company considers whether a milestone is substantive at the inception of the agreement. The consideration earned from the achievement of a milestone must meet all of the following criteria to be considered substantive:

- It is commensurate with either of the Company's performance to achieve the milestone, or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the Company's performance to achieve the milestone;

- It relates solely to past performance; and
- It is reasonable relative to all of the deliverables and payment terms (including other potential milestone consideration) within the arrangement.

Payment terms are considered to be standard commercial terms. Revenue is recognized when each substantive milestone has been achieved and the Company has no future performance obligations related to the substantive milestone. Fees for completed, substantive milestones, which are dependent upon customer acceptance for non-refundable payment or, if paid, are refundable pending customer acceptance are recognized upon customer acceptance or the termination of refund rights.

Advertising Costs

Advertising costs are expensed in the period incurred. The Company incurred total advertising costs of $0.2 million for each of the years ended June 30, 2015, 2014 and 2013.

Research and Development Costs

Research and development expenses consist primarily of payroll and related personnel expenses (including share-based compensation expense), fees paid to external service providers, costs of materials, components and supplies, costs for facilities, tooling and equipment and costs related to developing prototype products and samples used for various evaluation, testing and related activities for existing and potential customers. Research and development expenses are included in operating expenses when incurred. Research and development expenses include costs related to the ongoing development and expansion of the Company's broad portfolio of injectable drug delivery systems as well as costs incurred in relation to customization, industrialization and development agreements with its customers. These costs are not segregated from the overall research and development costs as they are not readily distinguishable from the rest of the Company's ongoing research and development expenses.

Interest Expense

The Company recognizes interest expense in the consolidated statements of operations and comprehensive loss for all debt instruments using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability. The application of the method has the effect of recognizing expense payable on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument, including fees for early redemption and all other premiums and discounts.

Net Loss Per Share

Basic net loss per share is computed as net loss divided by the weighted average number of shares outstanding during the period. Diluted net earnings per share reflect the potential dilution that could occur from common stock issued through common stock equivalents. The dilutive effect of potential common stock, consisting of non-participating restricted stock and outstanding options to purchase common stock, is calculated using the treasury stock method.

Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are considered participating securities and are included in the computation of net loss per share according to the two class method if the impact is dilutive. Shares of the Company's unvested restricted stock are considered participating securities. However, in the event of a net loss, participating securities are excluded from the calculation of both basic and diluted net loss per share.

Business Segments

The Company operates in one reportable segment, which includes the design, development and manufacture of injectable drug delivery systems. Revenues by geographic location based on location of customer are as follows:

	Years Ended June 30,		
	2015	2014	2013
	(In thousands)		
Domestic	$ 9,834	$ 5,702	$ 120
International	3,324	8,987	2,623
	$13,158	$14,689	$2,743

Reclassifications

Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the current year presentation.

Recently Issued Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued ASU 2013-11, "Income Taxes — Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists " ("ASU 2013-11") which is part of Accounting Standards Codification ("ASC") 740: Income Taxes. The new guidance requires an entity to present an unrecognized tax benefit and a net operating loss carryforward, a similar tax loss, or a tax credit carryforward on a net basis as part of a deferred tax asset, unless the unrecognized tax benefit is not available to reduce the deferred tax asset component or would not be utilized for that purpose, then a liability would be recognized. ASU 2013-11 was adopted effective July 1, 2014 and this guidance did not materially impact the Company's financial condition, results of operations or cash flows.

In May 2014, FASB issued ASU 2014-09 "Revenue from Contracts with Customers". The guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to a customer. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In August 2015, the FASB issued ASU 2015-14 "Revenue from Contracts with Customers" which deferred the effective date of ASU 2014-09 for all entities by one year to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Early application is permitted only as of annual periods beginning after December 15, 2016, including interim reporting periods within that reporting period. With the deferral, the new standard is effective for the Company, on July 1, 2018, with early adoption permitted one year prior. The standard permits the use of either the retrospective or cumulative effect transition method. The Company has not selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In June 2014, FASB issued ASU 2014-12 "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period" which is part of ASC 718: Compensation-Stock Compensation. The guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition and not be reflected in the estimate of the grant-date fair value of the award. The guidance is effective for annual periods beginning after December 15, 2015. The guidance can be applied prospectively for all awards granted or modified after the effective date or retrospectively to all awards with performance targets outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The Company does not expect a material impact on its financial condition, results of operations or cash flows from the adoption of this guidance.

In August 2014, FASB issued ASU 2014-15 "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". The guidance requires an entity to perform a going concern assessment by evaluating its ability to meet its obligations for a look-forward period of one year from the financial statement issuance date. Disclosures are required if it is probable an entity will be unable to meet its obligations within the look-forward period. Incremental substantial doubt

disclosure is required if the probability is not mitigated by management's plans. The guidance is effective for all entities for the first annual period ending after December 15, 2016 and interim periods thereafter. Early application is permitted. The Company is currently evaluating the impact this guidance will have on its financial disclosures; however, as the guidance only impacts disclosure, the adoption of this guidance is not expected to have any impact on the Company's financial condition, results of operations and cash flows.

In April 2015, FASB issued ASU 2015-03 "Simplifying the Presentation for Debt Issuance Costs". The guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company is currently evaluating the impact this guidance will have on its financial statement presentation and any disclosures.

5. Equity Transactions and Share-Based Compensation

During the year ended June 30, 2013, the Company issued 615,400 shares of common stock and raised $18.8 million, net of issuance costs, through an underwritten registered public offering.

During the year ended June 30, 2013, the Company entered into the old Sales Agreement, pursuant to which the Company, from time to time, issued and sold shares of common stock having an aggregate offering price of up to $45.0 million. During the years ended June 30, 2014 and 2013, the Company issued 501,215 shares and 499,043 shares of common stock and raised net proceeds of $16.9 and $14.3 million, respectively, under the old Sales Agreement. During the year ended June 30, 2015, the Company issued 580,880 shares of common stock and raised net proceeds of $12.4 million under the old Sales Agreement.

During the year ended June 30, 2013, the Company issued 446,097 shares of common stock for net proceeds of $9.6 million, net of issuance costs, pursuant to a securities purchase agreement. In connection with the securities purchase agreement, the Company issued two warrants to purchase an aggregate of 158,699 shares of common stock. The warrants are exercisable at $30.00 per share and will expire five years from the date of grant. The warrants contain exchange features whereby the warrant holders can exchange the warrants for cash or common stock equal to the value of the warrants at the time of exchange, which value is based upon a contractual formula. Based on the terms of the agreements, the Company has determined that the warrants should be classified as a liability. As of March 31, 2013, the Company recorded a liability of $3.0 million related to the negotiated value of the warrants. In April 2013, the exchange feature was exercised for one of the warrants and a total of 142,422 shares of common stock were issued in settlement of a warrant to purchase 148,699 shares of common stock and the related warrant liability of $2.8 million was reclassified to equity. As of June 30, 2013, one warrant to purchase 10,000 shares of common stock remained outstanding. During the year ended June 30, 2014, the warrant was exercised in exchange for 1,947 shares of common stock and the related warrant liability of $0.4 million was reclassified to equity.

During the year ended June 30, 2013, the Company granted certain directors 7,500 shares of common stock that were vested upon issuance, of which 4,500 shares may not be sold or transferred until such time as the director leaves the Board for any reason, including a change in control. The weighted average grant date fair value of the shares was $31.70 per share.

During the year ended June 30, 2014, the Company granted certain directors 22,750 shares of common stock which may not be sold or transferred until such time as the director leaves the Board for any reason, including a change in control, or other permitted circumstances. The weighted average grant date fair value of the shares was $39.50 per share.

During the year ended June 30, 2015, the Company granted certain directors 17,500 shares of common stock which may not be sold or transferred until such time as the director leaves the Board for any reason, including a change in control, or other permitted circumstances. The weighted average grant date fair value of the shares was $28.30 per share.

During the year ended June 30, 2015, the Company issued 1,265,000 shares of common stock and raised $44.7 million, net of issuance costs, through an underwritten registered public offering. The Company intends to use the proceeds from the public offering for investments in its plant, equipment, systems and personnel to further develop its manufacturing and operational capabilities to satisfy current and future customer orders and for working capital and other general corporate purposes.

The Company recognized share-based compensation expense related to equity awards to employees, directors, consultants and service providers of $11.8 million, $8.3 million and $13.3 million during the years ended June 30, 2015, 2014 and 2013, respectively.

As of June 30, 2015, the total compensation cost related to all non-vested awards not yet recognized was $26.8 million. This amount is expected to be recognized over a remaining weighted average period of 2.10 years.

Stock Options and Warrants

The Company has granted stock options to certain employees and directors under the Employee Share Option Plan (the "Plan"). The Plan is designed to assist in the motivation and retention of employees and directors and to recognize the importance of employees and directors to the long-term performance and success of the Company. The Company has also granted stock options to certain service providers outside of the Plan. The majority of the options to purchase common stock vest on the anniversary of the date of grant, which ranges from one to three years. Additionally, certain stock options vest upon the closing price of the Company's common stock reaching certain minimum levels, as defined in the agreements. Share-based compensation expense related to options granted to employees and directors is recognized on a straight-line method over the related vesting term. Share-based compensation expense related to options granted to service providers is recognized ratably over each vesting tranche of the options.

During the year ended June 30, 2010, the Company adopted the 2009 Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan initially provided for a maximum of 600,000 shares of common stock to be reserved for the issuance of stock options and other stock-based awards. Commencing on January 1, 2012, and on each January 1 st thereafter, through January 1, 2014, the share reserve automatically adjusted so that it was equal to 17.5% of the weighted average number of shares of common stock outstanding reduced by the sum of any shares of common stock issued under the Stock Incentive Plan and any shares of common stock subject to outstanding awards under the Stock Incentive Plan.

During the year ended June 30, 2015, the Stock Incentive Plan was amended and restated (the "Amended and Restated 2009 Stock Incentive Plan" or "Amended Stock Plan") to change how the number of shares of common stock that may be issued under the Amended Stock Plan is calculated, to increase the number of shares of common stock available for issuance under the Amended Stock Plan by 1.0 million and to reapprove the Amended Stock Plan for purposes of refreshing the stockholder approval requirement.

The following is a summary of activity related to stock options held by employees and directors during the year ended June 30, 2015:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value (In thousands)
Outstanding as of July 1, 2014	392,242	$ 46.67		
Cancelled	(17,025)	54.26		
Expired	(123,400)	63.81		
Exercised	(1,000)	23.30		
Outstanding as of June 30, 2015	250,817	$ 37.82	6.4	$ —
Exercisable as of June 30, 2015	190,817	$ 38.73	6.2	$ —

The following is a summary of activity related to stock options and warrants held by persons other than employees and directors during the year ended June 30, 2015:

	Number of Options and Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value (In thousands)
Outstanding as of July 1, 2014	205,000	$ 45.16		
Expired	(100,000)	48.46		
Outstanding as of June 30, 2015	105,000	$ 42.01	1.3	$ 23
Exercisable as of June 30, 2015	105,000	$ 42.01	1.3	$ 23

The aggregate intrinsic value is defined as the difference between the market value of the Company's common stock as of the end of the period and the exercise price of the in-the-money stock options. The total intrinsic value of stock options exercised during the years ended June 30, 2015, 2014 and 2013 was $0.1 million, $1.8 million and $0.1 million, respectively.

The Company currently uses authorized and unissued shares to satisfy stock option exercises.

The weighted average fair value of stock options granted during the years ended June 30, 2014 and 2013 was $16.48 and $16.92 per share, respectively. There were no stock options granted during the year ended June 30, 2015.

The following is a summary of outstanding and exercisable stock options held by employees and directors as of June 30, 2015:

	Outstanding Options			Exercisable Options		
Range of Exercise Prices	Outstanding as of June 30, 2015	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Exercisable as of June 30, 2015	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)
$ 0.00 — $50.00	219,000	$ 35.05	6.8	159,000	$ 35.09	6.6
$50.01 — $70.00	31,817	56.92	4.2	31,817	56.92	4.2
	250,817	$ 37.82	6.4	190,817	$ 38.73	6.2

The following is a summary of outstanding and exercisable stock options held by persons other than employees and directors as of June 30, 2015:

	Outstanding Options			Exercisable Options		
Range of Exercise Prices	Outstanding as of June 30, 2015	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Exercisable as of June 30, 2015	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)
$ 0.00 — $20.00	15,000	$ 20.00	0.8	15,000	$ 20.00	0.8
$20.01 — $60.00	90,000	45.68	1.4	90,000	45.68	1.4
	105,000	$ 42.01	1.3	105,000	$ 42.01	1.3

The Company used the following weighted average assumptions in calculating the fair value of options and warrants granted during the year ended June 30, 2014 and 2013:

	2014	2013
Number of stock options granted	50,000	81,000
Expected dividend yield	0%	0%
Risk-free interest rate	1.52%	1.03%
Expected volatility	55%	55%
Expected life (in years)	5.5	5.44

The assumptions noted above for the year ended June 30, 2013 do not include amounts related to the warrants to purchase 158,699 shares of common stock issued in connection with the Securities Purchase Agreement.

The fair value of each stock option was estimated at the grant date using the Black-Scholes option pricing model. The Company has not historically paid dividends to its stockholders and, as a result, assumed a dividend yield of 0%. The risk free interest rate is based upon the rates of U.S. Treasury bonds with a term equal to the expected term of the option. The expected volatility used to value options granted after January 27, 2010 is based upon a blended rate of the historical share price of the Company's stock on the Australian Securities Exchange and the volatility of peer companies traded on U.S. exchanges operating in the same industry as the Company. The expected term of the options to purchase common stock issued to employees and directors is based upon the simplified method, which is the mid-point between the vesting date of the option and its contractual term unless a reasonable alternate term is estimated by management. The expected term of the options to purchase common stock issued to consultants and service providers is based on the contractual term of the awards.

Restricted Stock

The Company has granted shares of restricted stock to certain employees, directors and consultants under the Amended Stock Incentive Plan. During the period prior to vesting, the holder of the non-vested restricted stock will have the right to vote and the right to receive all dividends and other distributions declared. All non-vested shares of restricted stock are reflected as outstanding; however, they have been excluded from the calculation of basic earnings per share.

For employees, the fair value of restricted stock is measured on the date of grant using the price of the Company's common stock on that date. Share-based compensation expense for restricted stock issued to employees is recognized on a straight-line basis over the requisite service period, which is generally the longest vesting period. For restricted stock granted to consultants, the fair value of the awards will be re-valued on a quarterly basis and marked to market until vested. Share-based compensation expense for restricted stock issued to consultants is recognized ratably over each vesting tranche.

During the year ended June 30, 2015, the shareholders approved the issuance of 400,000 shares of restricted stock to the Company's Chairman and Chief Executive Officer. The restricted stock was granted on November 14, 2014 and is subject to performance-based vesting and also contains service-based clawback provisions. The performance-based vesting will become satisfied based upon the trading price of the Company's common stock reaching certain minimum levels on NASDAQ for a minimum of 20 out of 30 consecutive trading days, which range from $60.00 to $120.00 per share. The restricted stock was valued at $18.85 per share on the grant date using a Monte Carlo simulation model which is being expensed ratably over the projected vesting period, which is approximately 2.6 years. The restricted stock would be forfeited to the extent not vested on the fifth anniversary of the grant date. In addition, if prior to the fourth anniversary of the grant date he resigns from employment or is terminated for cause, a specified percentage of the previously vested shares would be required to be returned, which ranges from 100% prior to the first anniversary of the grant date to 25%, on or after the third anniversary of the grant date.

The following is a summary of activity related to restricted stock awards during the year ended June 30, 2015:

	Number of Restricted Stock Awards	Weighted Average Grant Date Fair Value
Unvested as of July 1, 2014	243,613	$ 34.17
Granted	950,743	28.32
Vested	(94,734)	35.43
Cancelled	(26,437)	34.19
Unvested as of June 30, 2015	1,073,185	$ 28.83

The total fair value of shares vested during the years ended June 30, 2015, 2014 and 2013 was $3.4 million, $6.0 million and $18.2 million, respectively.

6. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	June 30,	
	2015	2014
	(In thousands)	
Building	$ 32,359	$ 32,188
Machinery and equipment	27,530	21,224
Computer software	2,910	2,675
Furniture and fixtures	1,345	610
Construction in progress	17,601	9,119
Land	2,036	2,036
Leasehold improvements	270	166
	84,051	68,018
Less: accumulated depreciation and amortization	(17,903)	(13,430)
Property, plant and equipment, net	$ 66,148	$ 54,588

Construction in progress as of June 30, 2015 and 2014 consisted of amounts incurred in connection with machinery and equipment and facility related costs, including capitalized interest.

7. Goodwill

The changes in the carrying amount of goodwill during the years ended June 30, 2014 and 2015 are as follows:

	(In thousands)
Balance as of July 1, 2013	$ 11,498
Foreign currency translation	332
Balance as of June 30, 2014	11,830
Foreign currency translation	(2,145)
Balance as of June 30, 2015	$ 9,685

8. Accrued Expenses

Accrued expenses consist of the following:

	June 30,	
	2015	2014
	(In thousands)	
Accrued payroll and other employee related expenses	$2,781	$2,103
Accrued other	2,293	1,236
Total accrued expenses	$5,074	$3,339

9. Commitments and Contingencies

The Company leases certain facilities, office equipment and automobiles under non-cancellable operating leases that expire on various dates through June 2022. The future minimum lease payments related to the Company's non-cancellable operating lease commitments that have initial or remaining non-cancellable lease terms in excess of one year as of June 30, 2015 were as follows:

For the Year Ending June 30,	(In thousands)
2016	$ 1,237
2017	1,244
2018	1,256
2019	1,259
2020	1,283
Thereafter	2,639
	$ 8,918

Rental expenses under operating leases during the years ended June 30, 2015, 2014 and 2013 were $0.9 million, $0.6 million and $0.3 million, respectively.

From time to time, the Company is involved in various legal proceedings, claims, suits and complaints arising out of the normal course of business. Based on the facts currently available to the Company, management believes that these claims, suits and complaints are adequately provided for, covered by insurance, without merit or not probable that an unfavorable outcome will result.

A former employee, Talbot Smith, who was terminated for cause by Unilife, filed a civil complaint in the United States District Court of the Eastern District of Pennsylvania on August 30, 2013, and an amended complaint on March 5, 2014, alleging that he was wrongly terminated in retaliation for making allegations about the Company's compliance practices. We and various third parties, including law firms and regulatory consulting firms, investigated the allegations made by Mr. Smith and determined that his allegations were without merit, and the Company brought counterclaims against Mr. Smith. Discovery concluded and in February 2015 we filed our motions for summary judgment with the District Court, seeking entry of judgment in favor of the Company on the claims brought by Mr. Smith against the Company, and entry of judgment in favor of the Company on the claims brought by the Company against Mr. Smith.

Following the discovery process and while the Company's motions for summary judgment were pending before the District Court, on August 18, 2015, Mr. Smith dismissed his claims against the Company with prejudice.

As previously disclosed, subsequent to the filing of the OSHA complaint by Mr. Smith, we received a subpoena from the staff of the U.S. Securities and Exchange Commission (the "Staff") requesting the Company to provide certain information to the Staff, which is generally consistent with the meritless allegations made by Mr. Smith in his OSHA complaint. In his complaint filed in the United States District Court for the Eastern District of Pennsylvania, Mr. Smith stated that he provided the Staff with information about his allegations in July and August 2012. The Company responded to that subpoena and has received additional subpoenas from the Staff, requesting additional information consistent with the first subpoena. The Company is cooperating fully with the Staff and has provided the requested information.

On January 8, 2014, the Company was served with a derivative complaint filed in the Delaware Chancery Court by Cambridge Retirement System, a purported stockholder of the Company, against its Board to recover allegedly "excessive and wasteful" compensation paid to the non-executive directors since 2010. The Company believes that these allegations are baseless and without merit and the Company and the directors are defending themselves vigorously. In February 2014, the Company filed a motion to dismiss the complaint in lieu of an answer. On June 26, 2014, the Court granted the Company's motion to dismiss with respect to the directors' equity grants, but denied the motion with respect to their cash compensation. The Company filed an answer to the remaining claims on July 11, 2014. On June 4, 2015, the parties entered into a Memorandum of Understanding agreeing to the basic terms of a non-monetary settlement of the action. The parties are negotiating the final terms of a stipulated settlement to be submitted to the Court for approval.

The Company does not believe there will be any material impact to the Company or its business as a result of the SEC or Cambridge Retirement Fund matters.

10. Long-Term Debt

Long-term debt consists of the following:

	June 30,	
	2015	2014
	(In thousands)	
10.25% term loan, due March 2020	$55,518	$33,457
Amended Royalty Agreement liability	9,930	6,400
6.00% mortgage loans, due December 2031	12,812	13,228
5.00% Commonwealth of Pennsylvania financing authority loan, due January 2021	2,033	2,087
Other	142	276
	80,435	55,448
Less: current portion of long-term debt	775	613
Total long-term debt	$79,660	$54,835

Term Loan

On March 12, 2014, (the "Closing Date"), the Borrower entered into a credit agreement with the Lender. Pursuant to and subject to the terms of the credit agreement, the Lender agreed to provide term loans to the Borrower in the aggregate principal amount of up to $60.0 million. A first tranche loan of $40.0 million was drawn on the Closing Date and a further two tranches each of $10.0 million were committed by the Lender and were to be funded on each of December 15, 2014 and June 15, 2015, subject to and in accordance with the terms of the credit agreement. On September 30, 2014, the Borrower entered into a First Amendment to the Credit Agreement to accelerate the funding of the two additional tranches pursuant to which it received the proceeds from the first $10.0 million tranche on October 1, 2014 and the proceeds from the second $10.0 million tranche on November 10, 2014.

The Loan bears interest at 9.25% per annum plus the greater of three-month LIBOR or 1.0%, payable in cash quarterly and as otherwise described in the Amended Credit Agreement. A default interest rate of 14.25% per annum plus the greater of three-month LIBOR or 1.0% shall apply during the existence of a default under the Amended Credit Agreement. The Loans will be interest-only until March 12, 2020 (the "Maturity Date").

Unless the loan facility is otherwise terminated earlier pursuant to the terms of the Amended Credit Agreement, the Borrower is required to repay in full the unpaid principal amount of the Loans drawn down, together with all accrued and unpaid interest thereon plus a 10.0% repayment premium on Maturity Date. The Borrower can make voluntary repayments at any time of any unpaid principal amount of the Loans, plus a 10.0% repayment premium. The Borrower must make mandatory prepayments in certain prescribed circumstances, including, without limitation, certain dispositions of assets and certain casualty events. In such events, the Borrower must prepay to Lender 100% of the net cash proceeds received.

The obligations of the Borrower under the Amended Credit Agreement are guaranteed by the Company and each of its subsidiaries and the Amended Credit Agreement is secured by the assets of the Company and its subsidiaries. The security interests granted by Borrower, the Company, Unilife Cross Farm LLC ("Cross Farm"), Unilife Medical Solutions Limited ("USML") and Unitract Syringe Pty Limited ("Unitract Syringe") are evidenced by, among other things, the Pledge and Security Agreement, dated as of March 14, 2014, by the Borrower, the Company, Cross Farm, USML, and Unitract Syringe in favor of Lender, for itself and as agent for Royalty Opportunities S.A.R.L. ("ROS"), the Mortgage and Security Agreement, dated March 12, 2014, by and between Cross Farm and Lender, for itself and as agent of ROS, and the General Security Deed, dated as of March 12, 2014, by Unitract Syringe, USML, and the Company in favor of the Lender, for itself and as agent of ROS.

The Amended Credit Agreement also contains certain customary covenants, as well as covenants relating to achieving minimum cash revenue targets at the end of each calendar year, maintaining a minimum liquidity target of $5.0 million, and the execution of certain customer and employment agreements in form and substance satisfactory to lender. In the event of default, Borrower must prepay to Lender any unpaid principal amount of the loans drawn down, together with all accrued and unpaid interest thereon plus a 10.0% repayment premium. An event of default could also result in the Lender enforcing its security over the assets of Borrower, the Company, Cross Farm, UMSL and Unitract Syringe in accordance with the terms of the OrbiMed Credit Agreement and the related security agreements. On June 30, 2015, the Company entered into a Second Amendment to the Credit Agreement to remove the minimum cash revenue target for the six month period ended June 30, 2015. As of and for the year ended June 30, 2015, the Company is in compliance with all the loan covenants set forth in the Amended Credit Agreement. However, there can be no assurance that the Company will be able to maintain the minimum liquidity target or achieve the minimum cash revenue covenants during the 12-month period from June 30, 2015.

In connection with the credit agreement, the Borrower entered into a royalty agreement (the "Royalty Agreement") with ROS which will entitle ROS to receive royalty payments. Concurrent with the First Amendment to the Credit Agreement, the

Borrower entered into the First Amendment to the Royalty Agreement (the "Amended Royalty Agreement"). Pursuant to and subject to the terms of the Amended Royalty Agreement, Borrower has agreed to pay the Lender 3.875% on the first $50.0 million of net sales (on a cash receipts basis as defined in the Amended Credit Agreement) in each fiscal year, plus 1.500% of net sales in excess of $50.0 million and up to and including $100.0 million in each fiscal year, plus 0.375% of net sales in excess of $100.0 million in each fiscal year. Borrower has the right to buyout the Amended Royalty Agreement at any time on or before March 12, 2018 at a reduced amount. The lender has the right to exercise a put option upon the occurrence of an event of default upon which the Borrower would be required to pay the buyout amount under the Amended Royalty Agreement. The buy-out amount ranges from $9.75 million to $26.25 million (such amount to be determined based on when the buy-out or put option is exercised), less amounts previously paid by Borrower to Lender pursuant to the Amended Royalty Agreement. The Amended Royalty Agreement has a term commencing on the Closing Date and ending on the earlier of (i) the tenth anniversary of the Closing Date and (ii) the date of payment of the purchase price pursuant to the exercise of a put option by the Lender or the exercise of a buy-out option by the Borrower. As the Company has elected to value the Amended Royalty Agreement at fair value, the put option feature does not meet the criterion of ASC 815-15-25-1b and thus is not separated from the host contract and accounted for as a derivative instrument.

The Company determined that the Amended Credit Agreement and the Amended Royalty Agreement should be accounted for as two separate units. Accordingly, the Company allocated the proceeds from the Loans on a residual basis between the two units based on their relative fair values. As a result, on the Closing Date, the royalty liability was determined to have a fair value of $7.0 million and the Loan was allocated the remaining proceeds of $33.0 million. The $20.0 million from the two additional tranches that were funded during the three months ended December 31, 2014 was reflected as incremental debt. The Loan will be accreted to the face value over the loan term based on the effective interest rate. The royalty liability will be adjusted to fair value on a quarterly basis. As of June 30, 2015, the fair value of the royalty liability was $9.9 million.

There are cross-defaults in the Amended Credit Agreement, Metro Bank Loan and Keystone/CFA Loan, so that a default under one agreement could trigger a default under the others. Metro Bank, the Lender under the Amended Credit Agreement, Keystone Redevelopment Group, LLC and Commonwealth Financing Authority are parties to an intercreditor agreement.

Mortgage Loans

In October 2010, Cross Farm entered into the Loan Agreement with Metro Bank, pursuant to which Metro Bank provided Cross Farm with two mortgage loans in the amounts of $14.25 million ("First Mortgage") and $3.75 million ("Second Mortgage"). The proceeds received were used to finance the purchase of land and construction of the Company's corporate headquarters and manufacturing facility in York, Pennsylvania. In connection with the credit agreement, the Company entered into the Metro Bank Amendment pursuant to which the Second Mortgage due October 2020 was repaid. Cross Farm is paying principal and interest on the First Mortgage, with interest at a fixed rate of 6.00%.

The original Metro Bank loan documents contain certain customary covenants, including the maintenance of a debt service reserve account in the amount of $2.4 million, classified as restricted cash on the consolidated balance sheet, which will remain in place until Cross Farm and Metro agree on the financial covenants. In addition the Company is required to maintain a cash balance of $5.0 million inclusive of the $2.4 million reserve account. The terms of the original Metro Bank loan documents allow the Company to use the debt service reserve account to pay monthly debt service on the mortgage loans, so long as the balance in the account is at least $1.6 million and is replenished to $2.4 million every six months. The Company is in compliance with its debt covenants as of and for the year ended June 30, 2015. However, there can be no assurance that the Company will be able to maintain the debt service reserve account balance for a period of 12 months from June 30, 2015. Cross Farm may prepay the loan without penalty. The U.S. Department of Agriculture has guaranteed $8.0 million of the mortgage loan due December 2031. In connection with the First Mortgage, the Company has given Metro Bank a lien on the building and real estate and the debt service reserve account.

Secured Lending Facility

In August 2011, the Company entered into a Master Lease Agreement (the "Lease Agreement") with Varilease Finance, Inc. ("Varilease") for up to $10.0 million of secured financing for production equipment for its Unifill syringe. Based on the Company's continuing involvement throughout the term of the agreement and the integral nature of the production equipment, the transaction was being accounted for as a financing. Over the term of the Lease Agreement, the Company made 27 monthly installments based upon the amount drawn. This facility had an effective interest rate of 14.00%. The secured lending facility contained covenants and provisions for events of default customarily found in lease agreements.

As previously disclosed on September 30, 2013, Varilease and CCA Financial LLC (collectively, the "Lessors") filed an action in the State of Michigan in the Circuit Court for the County of Oakland, Case No. 2013-136458-CK seeking a judgment confirming the terms of the lease. The Company removed the action to the U.S. District Court for the Eastern District of Michigan, Case No. 2:13-CV-14238-SFC-LJM, on October 4, 2013. Under the Lease Agreement, Lessors and the Company were to negotiate a buyout rate at the end of the two-year lease term, which Lessors represented to the Company during the lease negotiations would be 15% of the amount financed. When the Company notified Lessors that it wanted to exercise the buyout of the equipment, Lessors claimed a buyout rate significantly higher than 15%. Under the terms of the lease, if the parties were unable to agree on a buyout rate by the end of the lease term, the lease would automatically renew for an additional 12-month period and the Company would be responsible for another year of lease payments. Lessor's action in Michigan state court asked the court to confirm that the parties were unable to agree on a buyout rate and therefore under the terms of the lease the lease was automatically extended for one year.

As previously disclosed, the Company also filed suit on September 30, 2013 against Lessors in the U.S. District Court for the Eastern District of Michigan, Case No. 2:13-cv-14174-SFC-LJM alleging, among other things, that Lessors fraudulently induced the Company into entering the lease by making misrepresentations about the buyout rate. The Company sought, among other things, to have the federal court enforce a 15% buyout rate and to enjoin Lessors from declaring a default under the lease and taking possession of the equipment for which the Company would have to impair the carrying value of assets. On October 17, 2013, in a stipulated order, the U.S. District Court ordered that the Company continue to make the same monthly payments under the lease, which as long as the Company made timely payments, Lessors shall not declare a default, and that Lessors were required to provide advance notice of a default.

As previously disclosed, the Company entered into a Confidential Mutual Release and Settlement Agreement (the "Definitive Settlement Agreement"), effective December 30, 2013, with the Lessors. The Definitive Settlement Agreement provided that it will obtain title to all equipment under the equipment lease upon the payment to the Lessors of approximately $4.8 million over the next twelve months. In addition, under the Definitive Settlement Agreement the Company and the Lessors released each other from any and all claims related to the companion lawsuits, as well as dismissed such lawsuits. In connection with the Definitive Settlement Agreement, during the year ended June 30, 2014, the Company recognized $3.6 million of interest expense representing the difference between the carrying value of the debt and the present value of the settlement amount.

During the year ended June 30, 2014, the Company paid $4.7 million (including $3.5 million with proceeds from the March 12, 2014 Credit Agreement) to the Lessors in satisfaction of the Company's remaining obligations under the Definitive Settlement Agreement. Effective March 12, 2014 the Lessors released all liens and security interest in all of the Company's assets subject to the Lease Agreement.

Commonwealth of Pennsylvania Financing Authority Loan

In December 2010, Cross Farm received a $2.25 million loan from the Commonwealth of Pennsylvania for land and the construction of its current manufacturing facility. The loan bears interest at a rate of 5.00% per annum, matures in January 2021 and is secured by a third mortgage on the facility. In connection with the loan agreement, Cross Farm entered into an intercreditor agreement by which the Commonwealth of Pennsylvania agreed that it would not exercise its rights in the event of a default by Cross Farm without the consent of Metro Bank, which holds the first mortgage on the facility.

As of June 30, 2015, aggregate maturities of long-term obligations are as follows:

For the Year Ending June 30,	(In thousands)
2016	$ 775
2017	552
2018	584
2019	618
2020	65,853
Thereafter	12,053
	$ 80,435

11. Net Loss Per Share

The Company's net loss per share is as follows:

	Years Ended June 30,		
	2015	2014	2013
	(In thousands, except share and per share data)		
Numerator			
Net loss	$ (90,849)	$ (57,899)	$ (63,198)
Denominator			
Weighted average number of shares used to compute basic net loss per share	11,219,490	9,806,266	8,116,577
Effect of dilutive options to purchase common stock	—	—	—
Weighted average number of shares used to compute diluted net loss per share	11,219,490	9,806,266	8,116,577
Basic and diluted net loss per share	$ (8.10)	$ (5.90)	$ (7.79)

Due to the Company's net losses, unvested shares of restricted stock (participating securities) totaling 699,021, 268,778 and 490,909 were excluded from the calculation of basic and diluted net loss per share during the years ended June 30, 2015, 2014 and 2013, respectively.

In addition, stock options (non-participating securities) totaling 350,060, 464,273, and 799,694 during the years ended June 30, 2015, 2014 and 2013, respectively, were excluded from the calculation of diluted net loss per share as their effect would have been anti-dilutive. Certain of these stock options were excluded solely due to the Company's net loss position. Had the Company reported net income during the years ended June 30, 2015, 2014 and 2013, these shares would have had an effect of 14,574, 32,385, and 59,555 diluted shares, respectively, for purposes of calculating diluted net loss per share.

12. Income Taxes

For the years ended June 30, 2015, 2014 and 2013, income (loss) before income taxes consists of the following:

	Years Ended June 30,		
	2015	2014	2013
	(In thousands)		
Domestic	$(89,617)	$(58,784)	$(63,752)
International	(1,232)	885	554
	$(90,849)	$(57,899)	$(63,198)

Tax Rate Reconciliation

Income tax expense (benefit) is as follows:

	Years Ended June 30,								
	2015			2014			2013		
	Current	Deferred	Total	Current	Deferred	Total	Current	Deferred	Total
	(In thousands)								
U.S. Federal	$ —	$(27,385)	$(27,385)	$ —	$(18,415)	$(18,415)	$ —	$(21,188)	$(21,188)
State	—	(8,684)	(8,684)	—	(5,839)	(5,839)	—	(6,226)	(6,226)
International	—	(369)	(369)	—	266	266	—	177	177
Changes in valuation allowance	—	36,438	36,438	—	23,988	23,988	—	27,237	27,237
Income tax provision	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Income tax expense (benefit) was $0 for the years ended June 30, 2015, 2014 and 2013 and differed from the amounts computed by applying the U.S. federal income tax rate to pretax income (loss) as a result of the following:

	Years Ended June 30,		
	2015	2014	2013
Tax at U.S. statutory rate	(35)%	(35)%	(35)%
State taxes, net of federal benefit	(6)%	(6)%	(10)%
Non-deductible and non-taxable items	1%	—	1%
Change in valuation allowance	40%	41%	44%
	0%	0%	0%

Significant Components of Deferred Taxes

The tax effects of temporary differences and net operating losses that give rise to significant portions of deferred tax assets (liabilities) at June 30, 2015 and 2014 are presented below:

	June 30,	
	2015	2014
	(In thousands)	
Net operating loss carryforwards	$ 110,876	$ 89,362
Share-based compensation expense	20,548	16,532
Deferred revenue	6,951	—
Depreciation differences	4,324	2,399
Accruals/Reserves	3,517	2,104
Valuation allowance	(146,216)	(110,397)
Net deferred taxes	$ —	$ —

The valuation allowance for deferred tax assets as of June 30, 2015 and 2014 was $146.2 million and $110.4 million, respectively. The net change in the total valuation allowance was an increase of $35.8 million. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or prior to the expiration of the net operating loss carryforwards. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making the assessment as to the realizability of deferred tax assets. Based upon the level of historical taxable income and uncertainty regarding projections for future taxable income over the periods in which the deferred tax assets are deductible or can be utilized, management does not believe it is more likely than not that the Company will realize the benefits of these net operating losses and deductible temporary differences, as of June 30, 2015 and 2014. Therefore, a full valuation allowance has been provided as of June 30, 2015 and 2014. The amount of the net deferred tax assets considered realizable; however, could change if estimates of future taxable income during the carryforward period are increased.

As of June 30, 2015, the Company had net operating loss carryforwards for U.S. federal, state and Australian income tax purposes of approximately $256.4 million, $256.4 million and $22.7 million, respectively, which are available to offset future taxable income. The U.S. federal and state net operating loss carryforwards begin to expire in 2023. The Australian net operating losses do not expire.

The Australian net operating loss carryforwards of approximately $22.7 million as of June 30, 2015 are subject to either the continuity of ownership or same business test (as defined under Australian tax law) that could limit or substantially eliminate

the Company's ability to use these carryforwards. If there have been or will be changes in the Company's ownership or Australian business operations before these net operating loss carryforwards are utilized, they may be unavailable to reduce taxable income in the future. Further, under provision of the Internal Revenue Code, the utilization of a U.S. corporation's federal and state net operating loss carryforwards may be significantly limited following a change in ownership of greater than 50% within a three-year period. The Company's federal and state net operating loss carryforwards may, therefore, be subject to an annual limitation. In addition, state net operating loss carryforwards may be further limited in Pennsylvania, which has a limitation equal to the greater of 20% of taxable income after modifications and apportionment, or $5.0 million on state net operating losses utilized in any one year.

Management has evaluated the tax positions taken and has concluded that no liability for unrecognized tax benefits was required to be recorded for the years ended June 30, 2015, 2014 and 2013.

The Company files Australian, U.S. federal and state income tax returns. The Company is not subject to examination in any jurisdiction at this time. As a result of the net operating losses in prior years, the statute of limitations will remain open for a period following any utilization of net operating loss carryforwards and as such these periods remain subject to examination.

13. Employee Benefit Plan

The Company has a retirement savings 401(k) plan covering all U.S. employees (the "Plan"). Participating employees may contribute up to 100% of their pre-tax earnings, subject to the statutory limits. Effective January 1, 2012, the Company began a discretionary match to participant contributions into the Plan. The Company contributes fifty cents for each dollar a participant contributes, with a maximum of 3% of a participant's eligible earnings. The contributions made by the Company vest 50% upon two years of service and 100% upon three years of service. During the years ended June 30, 2015, 2014 and 2013, the Company paid $0.5 million, $0.3 million and $0.3 million, respectively, to match employee contributions.

Additionally, during the years ended June 30, 2015 and 2013, the Company made a discretionary contribution of 1% of compensation, as defined, to all eligible employees, which amounted to $0.1 million and $0.1 million, respectively. During the year ended June 30, 2014, the Company did not make any discretionary contributions.

14. Revenue

The Company recognized $13.2 million, $14.7 million and $2.7 million of revenue during the years ended June 30, 2015, 2014 and 2013, respectively.

During the year ended June 30, 2015, three customers accounted for 35%, 32% and 24% of consolidated revenue, respectively. During the year ended June 30, 2014, three customers accounted for 34%, 23% and 15% of consolidated revenue, respectively. During the year ended June 30, 2013, one customer accounted for 96% of consolidated revenue.

During the year ended June 30, 2015, revenue attributed to France accounted for 24% of consolidated revenue. During the year ended June 30, 2014, revenue attributed to Jordan and France accounted for 34% and 15% of consolidated revenue, respectively. During the year ended June 30, 2013, revenue attributed to France accounted for 96% of consolidated revenue.

During the year ended June 30, 2015, the Company recognized $5.1 million of revenue related to substantive milestones, as follows:

The Company recognized $2.7 million of revenue during the year ended June 30, 2015 pursuant to a feasibility agreement with a customer related to substantive milestones that were completed and accepted during the year. This agreement provides for certain customization and development activities for a drug delivery system to be performed for the customer and provides for payments to be made upon the completion of agreed-upon substantive milestones. An initial up-front payment of $0.1 million was determined to be non-substantive and is being recognized on a straight-line basis over the expected term of the agreement. The remaining milestones were determined to be substantive at the time the agreement was entered into. Substantive milestones that were achieved during the year ended June 30, 2015 were as follows:

- $0.4 million for development and delivery of a detailed project plan and a failure mode and effects analysis report;
- $0.4 million for development and delivery of a report on preliminary product requirements and a risk management plan;

- $1.5 million for development and delivery of human factor stimuli and related supporting documents; and
- $0.4 million for development and delivery of additional human factor stimuli.

The remaining substantive milestones as of June 30, 2015 are as follows:

- $0.5 million for development and delivery of additional human factor stimuli and a report on updated product requirements; and
- $1.2 million for development and delivery of semi-functional prototypes and related feasibility, product requirement, and risk management reports.

The Company recognized $0.9 million of revenue during the year ended June 30, 2015 pursuant to a feasibility agreement with a customer related to substantive milestones that were completed and accepted during the year. This agreement provides for certain customization and development activities for a drug delivery system to be performed for the customer and provides for payments to be made upon the completion of agreed-upon milestones. An initial up-front payment of $0.5 million was determined to be non-substantive and is being recognized on a straight-line basis over the expected term of the agreement. The remaining milestones were determined to be substantive at the time the agreement was entered into. Substantive milestones that were achieved during the year ended June 30, 2015 were as follows:

- $0.5 million for development and delivery of a report on device design options as well as potential manufacturing and assembly processes; and
- $0.4 million for development and delivery of product samples and related supporting documents.

The remaining substantive milestone as of June 30, 2015 is as follows:

- $0.2 million for development and delivery of a summary report related to testing and documentation activities.

The Company recognized $0.3 million of revenue during the year ended June 30, 2015 pursuant to a feasibility agreement with a customer related to substantive milestones that were completed and accepted during the year. This agreement provides for certain customization and development activities for a drug delivery system to be performed for the customer and provides for payments to be made upon the completion of agreed-upon milestones. The milestones were determined to be substantive at the time the agreement was entered into. Substantive milestones that were achieved during the year ended June 30, 2015 were as follows:

- $0.1 million for development and delivery of a report related to human factor studies and quality requirements;
- $0.1 million for development and delivery of devices for compatibility and stability functional testing and related reporting; and
- $0.1 million for development and delivery of devices for human factor study and related reporting.

There are no remaining substantive milestones under this agreement.

The Company recognized $0.2 million of revenue during the year ended June 30, 2015 pursuant to a feasibility agreement with a customer related to substantive milestones that were completed and accepted during the year. This agreement provides for certain customization and development activities for a drug delivery system to be performed for the customer and provides for payments to be made upon the completion of agreed-upon milestones. The milestones were determined to be substantive at the time the agreement was entered into. Substantive milestones that were achieved during the year ended June 30, 2015 were as follows:

- $0.1 million for development of customized devices for testing; and
- $0.1 million for development and delivery of testing activities and related reporting.

There are no remaining substantive milestones under this agreement.

The Company recognized $1.0 million of revenue during the year ended June 30, 2015 pursuant to a master services and supply agreement with a customer related to substantive milestones that were completed and accepted during the year. This agreement provides for certain customization and development activities for a drug delivery system to be performed for the customer and provides for payments to be made upon the completion of agreed-upon substantive milestones. An initial up-front payment of $1.1 million was determined to be non-substantive and is being recognized on a straight-line basis over the expected term of the agreement. The remaining milestones were determined to be substantive at the time the agreement was entered into. Substantive milestones that were achieved during the year ended June 30, 2015 were as follows:

- $0.2 million for development and delivery of a report defining device requirements;
- $0.2 million for development and delivery of a report defining system requirements;
- $0.2 million for development and delivery of devices for testing;
- $0.2 million for development and delivery of a report defining production requirements; and
- $0.2 million for development and delivery of components for a human factor study.

The remaining substantive milestones as of June 30, 2015 are as follows:

- $0.6 million for development and delivery of a complete system layout;
- $0.3 million for development and delivery of components for a human factor study;
- $0.6 million for development and delivery of feasibility devices for testing;
- $0.6 million for development and delivery of a clinical production process;
- $0.4 million for development and delivery of components for a human factor study;
- $0.4 million for completion of testing of assembly equipment;
- $0.3 million for completion of filling process of clinical devices;
- $0.4 million for delivery of containers for the filling process; and
- $0.3 million for delivery of devices for clinical studies.

During the year ended June 30, 2015, the Company recognized $8.1 million of revenue related to services rendered on a time and materials basis, proportional performance method and/or straight-line basis over the requisite service period pursuant to customer agreements to provide various customization and development services.

During the year ended June 30, 2014, the Company recognized $8.1 million of revenue related to substantive milestones, as follows:

The Company recognized $1.3 million of revenue during the year ended June 30, 2014 pursuant to a clinical supply agreement with a customer related to substantive milestones that were completed and accepted during the year. This agreement provides for the customization and development activities for a drug delivery system for a customer and provides for payments to be made upon the completion of agreed-upon milestones. The milestones were determined to be substantive at the time the agreement was entered into. Substantive milestones that were achieved during the year ended June 30, 2014 were as follows:

- $0.4 million for development and delivery of devices to be used by the customer for compatibility testing;

- $0.1 million for delivery of development and testing activities;
- $0.6 million for delivery of development, testing and verification activities;
- $0.1 million for development and delivery of testing materials; and
- $0.1 million for certain support and testing activities.

There are no remaining substantive milestones under this agreement.

The Company recognized $0.8 million of revenue during the year ended June 30, 2014 pursuant to a customization and commercial supply agreement with a customer related to a substantive milestone that was completed during the year. This agreement provides for the development of customized component parts for the customer to use in a drug-device combination product and provides for payments to be made upon the completion of agreed-upon milestones. The milestones were determined to be substantive at the time the agreement was entered into. The substantive milestone achieved during the year ended June 30, 2014 were as follows:

- $0.8 million for customization and delivery of devices for compatibility and initial evaluation testing.

The remaining substantive milestones were as follows:

- $0.8 million for delivery of devices for regulatory filings; and
- $0.2 million for certain delivery of services supporting the customer's regulatory approval process.

The Company recognized $0.7 million of revenue during the year ended June 30, 2014 pursuant to a materials transfer agreement with a customer related to substantive milestones that were completed during the year. This agreement provides for certain materials and related services to the customer and provides for payments to be made upon the completion of agreed-upon milestones. The milestones were determined to be substantive at the time the agreement was entered into. The substantive milestones achieved during the year ended June 30, 2014 were as follows:

- $0.4 million for delivery of testing materials;
- $0.1 million for delivery of device design requirements report; and
- $0.2 million for delivery of customization activities.

There were no remaining substantive milestones under this agreement.

The Company recognized $0.3 million of revenue during the year ended June 30, 2014 pursuant to a collaborative research agreement with a customer related to substantive milestones that were completed during the year. This agreement provides for certain materials and related services to the customer and provides for payments to be made upon the completion of agreed-upon milestones. The milestones were determined to be substantive at the time the agreement was entered into. The substantive milestones achieved during the year ended June 30, 2014 were as follows:

- $0.1 million for customization and delivery of devices for evaluation and user study purposes; and
- $0.2 million for customization and delivery of devices for evaluation activities.

There were no remaining substantive milestones under this agreement.

The Company recognized $5.0 million of revenue during the year ended June 30, 2014 pursuant to a binding license, development and supply agreement with a customer related to a substantive milestone that was completed during the year. This agreement provides for the development of customized devices and drug delivery systems for the customer to use in a

drug-device combination product and provides for payments to be made upon the completion of agreed-upon milestones. The milestones were determined to be substantive at the time the agreement was entered into. The substantive milestone achieved during the year ended June 30, 2014 was as follows:

- $5.0 million for customization, design and production of a prototype device for incorporation into a drug delivery system.

The remaining substantive milestones were as follows:

- $5.0 million for delivery and acceptance of application for regulatory approval; and
- $1.0 million each upon regulatory approval for up to 20 drug-delivery device combination products.

During the year ended June 30, 2014, the Company recognized $4.3 million in revenue related to services rendered on a time and materials basis during the period pursuant to customer agreements to provide various customization and development services. During the year ended June 30, 2014, the Company recognized the final $2.3 million of revenue related to its licensing agreement with Sanofi.

During the year ended June 30, 2013, the Company recognized $2.6 million of revenue related to its licensing agreement with Sanofi and $0.1 million from other sales.

15. Financial Instruments

The Company does not hold or issue financial instruments for trading purposes. The estimated fair values of the Company's financial instruments are as follows:

	June 30, 2015		June 30, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In thousands)			
Amended Royalty Agreement liability	$ 9,930	$ 9,930	$ 6,400	$ 6,400

The carrying amount of the Company's cash equivalents, which includes certificates of deposit, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short term maturities of these items. The estimated fair value of the Company's debt approximates its carrying value based upon the rates that the Company would currently be able to receive for similar instruments of comparable maturity.

The Company categorizes its assets and liabilities measured at fair value into a fair value hierarchy that prioritizes the inputs used in pricing the asset or liability. The three levels of the fair value hierarchy are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The levels in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the Company's liabilities that are measured at fair value on a recurring basis for the periods presented:

	Fair Value Based On			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Amended Royalty Agreement liability:				
June 30, 2015	$ —	$ —	$ 9,930	$ 9,930
June 30, 2014	$ —	$ —	$ 6,400	$ 6,400

The following table presents the changes in the fair value of the level 3 financial instruments for the years ended June 30, 2015 and 2014.

	Royalty Agreement Liability
June 30, 2013	$ —
Allocation of initial proceeds	7,000
Decrease in royalty liability	(600)
June 30, 2014	$ 6,400
Royalty payments	(749)
Increase in royalty liability	4,279
June 30, 2015	$ 9,930

Following is a description of the valuation methodology used to measure the Amended Royalty Agreement liability at fair value. There have been no changes in the methodology used during the year ended June 30, 2015:

The fair value is based on a discounted cash flow methodology under the income approach based on the present value sum of payments expected to be made in the future. The fair value is estimated by applying a risk adjusted discount rate to the expected royalty payment stream. These fair value estimates are most sensitive to changes in the payment stream and royalty rates.

16. Related Party Transactions

Administrative and Consulting Fees

The Company has an agreement with a consulting firm, of which a member of the Board is the principal. Under the terms of the agreement, the Company pays a fee for finance, accounting and secretarial consulting services within Australia. Amounts paid to the consulting entity during the years ending June 30, 2015, 2014 and 2013 of $0.2 million, $0.2 million and $0.2 million, respectively were expensed as Selling, General and Administrative expense.

Bosnjak Mortgage Correspondence

In July 2015, Mr. Shortall and Mr. Bosnjak, without authorization from or knowledge of the Company or its Board, caused to be transmitted to a mortgage broker for Mr. Shortall correspondence from Mr. Bosnjak that contained inaccurate statements about the Company's financial support for Mr. Shortall's purchase of and relocation to a new home. The investigation into the matters described in this paragraph did not identify any financial loss to the Company and the Company has corrected the inaccurate statements to the mortgage broker.

CEO Fund Transfers

Mr. Shortall deposited $2,264,475 (the "Shortall Funds") of his own funds into the Company's bank account on June 29, 2015 and then caused the Company to disburse from the Shortall Funds $1,351,553 to third parties to complete Mr. Shortall's purchase of his new home on July 23, 2015, and the remainder back to himself on July 28, 2015.

In addition to the Shortall Funds, during fiscal years 2013 through 2016, under Mr. Shortall's direction, the Company accepted checks and wires from Mr. Shortall in the aggregate amount of approximately $340,000 and disbursed the same amount of funds to Mr. Shortall or his designees but did not deposit such checks or receive such wires from Mr. Shortall until five days to thirty-six days after the Company's disbursement of the funds. The Company believes such transactions constituted loans from the Company to Mr. Shortall. The amount of such loans were approximately $6,000, $224,000, $70,000, and $40,000 in fiscal years 2016, 2015, 2014 and 2013, respectively. In addition, Mr. Shortall wired funds and provided personal checks to the Company in the aggregate amount of approximately $253,000, not including the Shortall Funds, which wires and checks the Company received and deposited, as applicable, prior to or within a day of the Company disbursing the same amounts to Mr. Shortall. The amount of such transfers were approximately $0, $28,000, $63,000 and $162,000 in fiscal years 2016, 2015, 2014 and 2013, respectively.

The Company's investigation into the Shortall Fund Transfers did not identify any financial loss to the Company.

Bosnjak Loan Payments and Unreimbursed Personal Expenses

Between July 2014 and July 2015, Mr. Shortall caused approximately $62,000 in Company funds to be transmitted to a third party on behalf of Mr. Bosnjak which had no business purpose for the Company. The Company believes that these payments constituted loans from the Company to Mr. Bosnjak, and the Company is evaluating potential actions to recover these funds. The collection of such amounts is uncertain and the Company has recorded approximately $12,000 and $50,000 as Selling, General and Administrative Expense in fiscal year 2016 and 2015, respectively.

From fiscal year 2013 through fiscal 2016, Mr. Shortall caused the Company to pay for personal expenses, approximately $88,000 of which was not repaid to the Company (the "Unreimbursed Personal Expenses"). The Company believes the Unreimbursed Personal Expenses constituted loans from the Company to Mr. Shortall, and the Company has demanded repayment of the Unreimbursed Personal Expenses. The collection of such amounts is uncertain and the Company has recorded approximately $60,000, $28,000 and $0 as Selling, General and Administrative Expense in fiscal year 2015, 2014 and 2013, respectively.

Advanced Withholding Payments

In March 2016, July 2015 and December 2014, in connection with the vesting of restricted shares of the Company's common stock, the Company paid associated withholding taxes on behalf of three executive officers, its Vice President of Quality and Regulatory Affairs and Chief Compliance Officer, its Senior Vice President and Chief Commercial Officer, and its former President and Chief Operating Officer, in an aggregate amount of approximately $240,000 prior to being reimbursed by such executive officers. With the exception of one $400 underpayment, which the Company collected in July, 2016, such executive officers repaid the Company in full within a range of 18 to 120 days from the date of the withholding payment. The Company believes such advances constituted loans. The amount of such advances were approximately $146,000, $94,000, $0 and $0 in fiscal years 2016, 2015, 2014 and 2013, respectively. The March 2016 delayed repayments are appropriately reflected as a receivable in the Company's financial statements as of June 30, 2016 and were reimbursed to the Company during July 2016.

17. Quarterly Results (unaudited)

	Quarter Ended September 30, 2014	Quarter Ended December 31, 2014	Quarter Ended March 31, 2015	Quarter Ended June 30, 2015
	(In thousands, except per share data)			
Year Ended June 30, 2015				
Revenues	$ 1,380	$ 5,403	$ 2,921	$ 3,454
Gross profit	1,380	5,403	2,921	3,454
Net loss	(22,262)	(19,387)	(23,105)	(26,095)
Basic and diluted loss per share	(2.12)	(1.80)	(1.99)	(2.16)

	Quarter Ended September 30, 2013	Quarter Ended December 31, 2013	Quarter Ended March 31, 2014	Quarter Ended June 30, 2014
	(In thousands, except per share data)			
Year Ended June 30, 2014				
Revenues	$ 3,187	$ 3,573	$ 1,383	$ 6,546
Gross profit	3,187	3,573	1,383	6,546
Net loss	(11,244)	(16,283)	(15,109)	(15,263)
Basic and diluted loss per share	(1.20)	(1.66)	(1.51)	(1.51)

Per share amounts for the quarters may not add to the annual amount due to differences in the weighted average common shares outstanding during the period.

18. Subsequent Events

On July 29, 2015, the Company entered into the New Sales Agreement with Cantor, pursuant to which it may, from time to time, issue and sell shares of common stock through Cantor as its sales agent, having an aggregate offering price of up to $25.0 million, subject to certain limitations and conditions set forth in the New Sales Agreement.

Under the New Sales Agreement, Cantor may sell the shares by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 of the Securities Act of 1933, as amended, including, but not limited to, sales made directly on The NASDAQ Global Market, on any other existing trading market for the shares or to or through a market maker. Cantor has agreed in the new Sales Agreement to use its commercially reasonable efforts to sell the shares in accordance with the Company's instructions (including any price, time or size limit or other customary parameters or conditions the Company may impose). The Company is not obligated to make any sales of the shares under the New Sales Agreement.

The Company will pay Cantor a commission of up to 3.0% of the gross sales price per share sold and has agreed to provide Cantor with customary indemnification and contribution rights. Through September 14, 2015, the Company has issued 287,069 shares for net proceeds of $3.8 million under the Sales Agreement.

On July 29, 2015, the Company entered into the Purchase Agreement with LPC, pursuant to which it has the right to sell, from time to time, to LPC up to $45.0 million in shares of the Company's common stock through July 2017, subject to certain limitations and conditions set forth in the Purchase Agreement. During July 2015, LPC purchased $5.0 million in shares of common stock. The Company received net proceeds of approximately $4.8 million after expenses. Following the initial purchase, on any business day and as often as every other business day over the 24-month term of the Purchase Agreement, and up to an aggregate amount of an additional $40.0 million (subject to certain limitations) of shares of common stock, the Company has the right, from time to time, at its sole discretion and subject to certain conditions to direct LPC to purchase up to 20,000 shares of common stock (not to exceed $2.0 million in total purchase proceeds per purchase date). The purchase price of shares of common stock pursuant to the Purchase Agreement will be based on the prevailing market price at the time of sale as set forth in the Purchase Agreement. The Company will control the timing and amount of any sales of common stock to LPC. In addition, the Company may direct LPC to purchase additional amounts as accelerated purchases if on the date of a regular purchase the closing sale price of the common stock is not below the "threshold price" as set forth in the Purchase Agreement.

The Purchase Agreement contains customary representations, warranties and agreements of the Company and LPC, limitations and conditions to completing future sale transactions, indemnification rights and other obligations of the parties. There is no upper limit on the price per share that LPC could be obligated to pay for common stock under the Purchase Agreement. The Company has the right to terminate the Purchase Agreement upon one business days' notice, at no cost or penalty. Actual sales of shares of common stock to LPC under the Purchase Agreement will depend on a variety of factors to be determined by the Company from time to time, including (among others) market conditions, the trading price of the common stock and determinations by the Company as to other available and appropriate sources of funding for the Company. As consideration for entering into the Purchase Agreement, the Company issued to LPC 45,135 shares of common stock. The Company did not receive any cash proceeds from the issuance of these shares.

On September 2, 2015, the Company announced that is has engaged Morgan Stanley & Co. LLC to conduct a review of strategic alternatives to maximize shareholder value in response to third party initiated expressions of interest. Potential strategic alternatives to be explored and evaluated during the review process may include a possible sale of the Company, a strategic partnership with one or more parties or the licensing of some of the Company's proprietary technologies. The Company will not provide any commitment regarding when or if this strategic review process will result in any type of transaction and no assurance can be given that the Company will determine to pursue a potential sale, strategic partnership or licensing arrangement.

On September 14, 2015, the Company implemented a cost reduction and business realignment initiative pursuant to which the Company reduced its headcount by approximately 50 employees, or 17% of its workforce, and expects to significantly reduce its operating expenses in fiscal year 2016. In connection with this initiative, the Company expects to incur a charge of approximately $0.4 million to operating expenses in the three month period ending September 30, 2015.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) are designed to provide reasonable assurance that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

All internal control systems, no matter how well designed and tested, have inherent limitations, including, among other things, the possibility of human error, circumvention or disregard. Therefore, even those systems of internal control that have been determined to be effective can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As outlined in the Explanatory Note to this 2015 10-K Amendment, the Company's current management discovered violations of Company policies and procedures and possible violations of laws and regulations by Alan Shortall, the Company's former Chief Executive Officer, and Jim Bosnjak, the Company's former Chairman and member of the Board of Directors ("Board"). Mr. Shortall's employment with the Company ceased on March 11, 2016, and Mr. Bosnjak resigned from the Board on August 24, 2015. The Board established a Special Committee to oversee an independent investigation. External counsel conducted the investigation with the assistance of an advisory firm with forensic accounting expertise (the "Investigation").

The Investigation did not identify any material financial loss to the Company. However, the control deficiencies, identified by the Investigation and described below, resulted in certain immaterial misstatements as of and for the fiscal year ended June 30, 2015, which have been corrected in the consolidated financial statements contained in this 2015 10-K Amendment. The Investigation also identified certain related party and other transactions which the Company had not publicly disclosed or recorded in its relevant financial statements originally filed with the SEC.

In connection with the Investigation, the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures as of June 30, 2015. Previously, based on an earlier such evaluation, Mr. Shortall and the Company's CFO had concluded that the Company's disclosure controls and procedures were effective as of June 30, 2015 at a reasonable assurance level. However, due to the material weaknesses in internal control over financial reporting as described in "Management's Report on Internal Control over Financial Reporting" below, our current CEO and CFO have concluded that our disclosure controls and procedures were not effective, and were not operating at a reasonable assurance level as of June 30, 2015.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting refers to a process designed by, or under the supervision of, our Chief Executive Officer and our Chief Financial Officer and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and members of our Board; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness (as defined in Rule 12b-2 under the Exchange Act) is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. Previously, under the supervision of Mr. Shortall and the Company's CFO, and oversight of the Board, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of June 30, 2015, based on the criteria established in Internal Control – Integrated Framework (1992) (the "COSO 1992 Framework") issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this evaluation, management determined that our internal control over financial reporting was effective as of June 30, 2015.

Management, under the supervision of the Company's new CEO and the Company's CFO, and oversight of the Board, conducted a reevaluation of the effectiveness of the Company's internal control over financial reporting as of June 30, 2015 based on the COSO 1992 Framework. Based on this reevaluation, management has determined, because of the findings from the Investigation, and the Company's inability to rely on certain personnel, processes and internal controls, that various material weaknesses existed at June 30, 2015, as are described below. In light of such material weaknesses, management has concluded that the Company's internal control over financial reporting was ineffective as of June 30, 2015.

The Company, under the oversight of the Board and the leadership of Mr. Shortall, did not have an effective control environment, risk assessment process, information and communication process and monitoring activities; specifically:

- The Company failed to establish a tone at the top that demonstrated its commitment to integrity and ethical values. Mr. Shortall created instances where certain personnel participated in the override of Company's policies and procedures and internal controls without exercising the appropriate professional skepticism and failed to communicate the override of controls to others.
- The Company did not have an effective annual process in place to ensure that all employees, including management, confirmed their compliance with the Company's Business Conduct Policy and that deviations from the expected standards of conduct were identified and remedied in a timely manner.
- The Company did not have a sufficient number of trained resources with assigned responsibility and accountability for financial reporting processes and the design and effective operation of internal controls in accordance with the COSO 1992 Framework.
- The Company did not have an effective, documented and continuous risk assessment process to identify and analyze risks of financial misstatement due to error and/or fraud, including management override of controls, and determine an appropriate action to manage the financial reporting risks.
- The Company did not have effective information and communication and monitoring controls to ensure the timely identification and communication of related party transactions to financial reporting personnel, management, and the Board, to enable appropriate financial reporting and disclosure of such transactions.

As a consequence of the inappropriate tone at the top and the above-mentioned entity level deficiencies, the following process level control deficiencies were identified:

- Ineffective operation of certain process level controls due to management override of controls resulting from the dominant influence of the former CEO, and ineffective process-level controls over the accounting and disclosure of related party transactions and the evaluation of transactions with senior executives and a former Board member that represented loans and advances. In addition, the Company did not involve those employees with the appropriate knowledge and expertise to evaluate the business purpose of the transactions and compliance with laws and regulations.
- Ineffective general information technology controls (GITCs) for the significant IT platforms due to inadequate IT resources. Specifically, the Company did not have effectively designed and documented program change controls and effective user access controls over IT operating systems, databases and IT applications. Accordingly, process level automated controls and compensating manual controls that were dependent upon the information derived from the IT systems were determined to be ineffective.

Certain of these control deficiencies resulted in immaterial misstatements in the consolidated financial statements as at and for the year ended June 30, 2015 which were corrected as described in note 2 to the Company's consolidated financial statements included in the 2015 10-K Amendment. Other deficiencies resulted in no misstatements in the financial statements. However, these control deficiencies create a reasonable possibility that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis. Accordingly, we concluded that the control deficiencies represent material weaknesses in the Company's internal control over financial reporting and our internal control over financial reporting was not effective as of June 30, 2015.

The independent registered public accounting firm, KPMG LLP, has expressed an adverse report on the operating effectiveness of our internal control over financial reporting as of June 30, 2015. KPMG LLP's report appears on page 30 of this 2015 10-K Amendment.

Remediation of Material Weaknesses

The Company continues to work, to strengthen our internal control over financial reporting. We are committed to ensuring that such controls are designed and operating effectively. Our Board and management take internal controls over financial reporting and the integrity of the Company's financial statements seriously and believe that the remediation steps described below, including with respect to personnel changes, were and are essential steps to establishing and maintaining strong and effective internal controls over financial reporting and addressing the tone at the top concerns that contributed to the material weaknesses identified. None of these remediation steps took place as of June 30, 2015. The following actions and plans will be or have been implemented subsequent to the end of the 2015 fiscal year:

- The Board replaced Mr. Shortall effective March 2016 with our then interim and now current CEO, John Ryan, effective March 2016. Mr. Bosnjak resigned in August 2015. Mary Kate Wold, President and CEO of the Church Pension Group, a former finance executive at Wyeth and previously Unilife's Vice Chair and Lead Independent Director, assumed the role of Board Chair. In addition, the Controller is no longer serving as Chief Accounting Officer, Controller or Treasurer. The Company appointed David Hastings as the Company's Chief Accounting Officer and Treasurer along with Mr. Hastings' current role as Chief Financial Officer. The Company has also appointed a new independent Board member.
- Management has evaluated and revised the assignment of authorities and financial reporting responsibilities and roles and has made staffing changes including, without limitation, those noted above; and the Company will increase technical training to those employees involved in the financial reporting process.
- The Company has increased communication and will increase training to employees and the Board regarding the ethical values of the Company and the requirement to comply with laws, rules, regulations, and Company policies, including the Business Conduct Policy and Insider Trading Policy, and the importance of accurate and transparent financial reporting. In addition, the Company will revise its process to ensure that all employees annually confirm compliance with the Company's Business Conduct Policy and that deviations are identified and timely remediated.
- The Company will implement a regularly recurring risk assessment process focused on identifying and analyzing risks of financial misstatement due to error and/or fraud, including management override of controls.
- Under the supervision of the Board, the Company will emphasize to key leadership the importance of setting appropriate tone at the top and of appropriate behavior with respect to accurate financial reporting and adherence to the Company's internal control over financial reporting framework and accounting policies.
- The Board will work with the Company to implement an internal audit function and develop a risk based plan that will monitor the Company's adherence to its policies and procedures including, without limitation, those policies and procedures related to the identification and disclosure of related party transactions, and to review any areas of concern or emphasis that the Board has identified as part of its oversight.
- The Company will update its policies and procedures to require the identification of related party transactions, transactions with senior executives, and to enhance the review and approval for these types of transactions and ensure their disclosure; and will train all employees on such updated policies.
- The Company will design and implement general information technology controls specifically, program change controls, user access controls designed to restrict IT and financial users' access and monitoring controls designed to actively monitor program changes and user access activities.

Changes in Internal Control over Financial Reporting

Except for the material weaknesses disclosed above and identified as part of the Investigation, there were no changes in our internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As noted above, subsequent to the end of the 2015 fiscal year and after the completion of the Investigation, the Company began the process of enhancing existing controls and designing and implementing additional controls and procedures in response to the material weaknesses.

PART III

Item 13. Certain Relationships and Related Transactions, and Director Independence

The Company has identified the related party transactions summarized below, which have occurred since July 1, 2014. We review all relationships and transactions in which we and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our chief executive officer and chief financial officer are primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related party transactions. As outlined in our Audit Committee Charter, our audit committee reviews and approves or ratifies any related party transaction pursuant to the authority given under the charter of the audit committee.

We have an agreement with a consulting entity, of which Jeff Carter, a member of our Board is the principal. Under the terms of the agreement, Mr. Carter performs certain administrative and consulting services in Australia, including serving as our ASX liaison. We pay Mr. Carter on a month-to-month basis for these consulting services. Under the agreement, we pay the consulting entity a commercial arm's length base fee for the consulting services of A$12,000 (US$9,240) per month. During the fiscal year ended June 30, 2016 and 2015, we paid the consulting entity A$180,715 (US$131,598) and A$226,332 (US$189,991), respectively, of which A$61,575 (US$44,873) and A$79,583 (US$66,709), respectively, was paid to one of our former employees to assist Mr. Carter in performing these functions. The foregoing amounts exclude the 10 percent Australian goods and services tax to which Unilife may be entitled to a refund. As of September 30, 2016, one A$ equaled US$0.77. The foregoing transaction was approved or ratified in accordance with our policies regarding related party transactions.

Transactions Not Approved in Accordance with Company Policies

As previously disclosed, the Company announced the Investigation on May 8, 2016. The Company completed the Investigation on October 7, 2016. For additional information regarding the Investigation, see the "Explanatory Note" of this Amendment No. 1 on Form 10-K/A. Set forth below is a summary of the related party transactions identified by the Company as a result of the Investigation. None of the following related party transactions were approved or ratified in accordance with our policies regarding related party transactions.

Shortall Fund Transfers

Mr. Shortall, the Company's former Chief Executive Officer and former Chairman of the Board, deposited $2,264,475 (the "Shortall Funds") of his own funds into the Company's bank account on June 29, 2015 and then caused the Company to disburse from the Shortall Funds $1,351,553 to third parties to complete Mr. Shortall's purchase of his new home on July 23, 2015, and the remainder back to himself on July 28, 2015.

In addition to the Shortall Funds, during fiscal years 2015 through 2016, under Mr. Shortall's direction, the Company accepted checks and wires from Mr. Shortall in the aggregate amount of approximately $224,000 and $6,000, respectively, and disbursed the same amount of funds to Mr. Shortall or his designees but did not deposit such checks or receive such wires from Mr. Shortall until ten days to thirty-six days after the Company's disbursement of the funds. The Company believes such transactions constituted loans from the Company to Mr. Shortall. In addition, Mr. Shortall wired funds and provided personal checks to the Company in the aggregate amount of approximately $28,000 and $0, respectively, not including the Shortall Funds, which wires and checks the Company received and deposited, as applicable, prior to or within a day of the Company disbursing the same amounts to Mr. Shortall.

The investigation into the matters described in this section entitled "Shortall Fund Transfers" did not identify any financial loss to the Company.

Advanced Withholding Payments

In March 2016, July 2015 and December 2014, in connection with the vesting of restricted shares of the Company's common stock, the Company paid associated withholding taxes on behalf of three executive officers, its Vice President of Quality and Regulatory Affairs and Chief Compliance Officer, its Senior Vice President and Chief Commercial Officer, and its former President and Chief Operating Officer, in an aggregate amount of approximately $240,000 prior to being reimbursed by such executive officers. The amount of such advances were approximately $146,000 and $94,000 in fiscal years 2016 and 2015, respectively. With the exception of one $400 underpayment, which the Company collected in July, 2016, such executive officers repaid the Company in full within a range of 18 to 120 days from the date of the withholding payment. The Company believes such advances constituted loans.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

(1) Financial Statements

The financial statements required by this Item 15 are set forth in Part II, Item 8 of this report.

(b) Exhibits. The following Exhibits are filed as a part of this Amendment No. 1 to the Company's Annual Report on Form 10-K/A:

Exhibit No.	Description of Exhibit	Included Herewith	Incorporated by Reference Herein		
			Form	Exhibit	Filing Date
3.1	Certificate of Incorporation of Unilife Corporation		10	3.1	November 12, 2009
3.2	Amended and Restated Bylaws of Unilife Corporation		8-K	3.1	August 17, 2010
4.1	Form of Common Stock Certificate		10	4.1	November 12, 2009
4.2	Warrant to Purchase Common Stock dated April 17, 2013		10-K	4.4	September 13, 2013
4.3	Form of Indenture		S-3	4.4	June 30, 2014
10.1	Consultancy Agreement, dated as of January 22, 2009 between Unilife Medical Solutions Limited and Joblak Pty Ltd		10	10.15	November 12, 2009
10.2	Unilife Corporation 2009 Stock Incentive Plan, as amended on December 1, 2011		DEF 14A	Annex A	October 14, 2011
10.3	Unilife Medical Solutions Limited Exempt Employee Share Plan		10	10.19	November 12, 2009
10.4	Amended and Restated Operating Agreement dated December 14, 2009 of Unilife Cross Farm LLC		10/A	10.26	January 6, 2010
10.5	Form of Restricted Stock Agreement Under the Unilife Corporation 2009 Stock Incentive Plan		10-Q	10.1	March 24, 2010
10.6	Form of Unilife Corporation Nonstatutory Stock Option Notice		10-Q	10.2	March 24, 2010
10.7	Employment Agreement, dated as of July 27, 2010 between Unilife Corporation and Dennis P. Pyers		10-K	10.46	September 28, 2010
10.8	Loan Agreement between Metro Bank and Unilife Cross Farm LLC dated as of October 20, 2010		8-K	10.1	October 26, 2010
10.9	Term Note in the principal amount of $14,250,000 dated as of October 20, 2010		8-K	10.2	October 26, 2010
10.10	Guaranty and Suretyship Agreement dated October 20, 2010 (Unilife Corporation)		8-K	10.4	October 26, 2010
10.11	Guaranty and Suretyship Agreement dated October 20, 2010 (Unilife Medical Solutions, Inc.)		8-K	10.5	October 26, 2010
10.12	Form of Warrant issued to Keystone Redevelopment Group, LLC and L2 Architecture on December 2, 2010		POS AM	10.58	December 10, 2010

10.13	Employment Agreement, effective October 1, 2011 between Unilife Corporation and Alan D. Shortall	10-Q	10.4	November 9, 2011
10.14	Employment Agreement, effective July 1, 2012 between Unilife Corporation and Ramin Mojdeh, Ph.D.	8-K	10.1	June 15, 2012
10.15	Letter Agreement, dated May 14, 2013, between Unilife Corporation and Ramin Mojdeh, Ph.D.	10-K	10.75	September 13, 2013
10.16	Amendment to Employment Agreement, effective September 12, 2013 between Unilife Corporation and Ramin Mojdeh, Ph.D.	10-K	10.76	September 13, 2013
10.17*	Credit Agreement, dated as of March 12, 2014, by and between Unilife Medical Solutions, Inc. and ROS Acquisition Offshore LP	10-Q/A	10.1	September 29, 2014
10.18	Royalty Agreement, dated as of March 12, 2014, by and between Royalty Opportunities S.A.R.L. and Unilife Medical Solutions, Inc.	10-Q/A	10.2	September 29, 2014
10.19	General Security Deed, dated as of March 12, 2014, by Unitract Syringe Pty Limited, Unilife Medical Solutions Limited and Unilife Corporation in favor of ROS Acquisition Offshore LP	10-Q	10.3	May 12, 2014
10.20	Omnibus Waiver and Amendment, dated as of March 12, 2014, by and among Unilife Cross Farm LLC, Unilife Medical Solutions, Inc., Unilife Corporation and Metro Bank	10-Q	10.4	May 12, 2014
10.21	Separation Agreement and General Release, dated March 18, 2014, by and between Unilife Corporation and R. Richard Wieland II	10-Q	10.5	May 12, 2014
10.22	Promissory Note, dated as of March 12, 2014, for up to $60,000,000 by Unilife Medical Solutions, Inc. in favor of ROS Acquisition Offshore LP	10-Q	10.6	May 12, 2014
10.23	Guarantee, dated as of March 12, 2014, by Unilife Corporation, Unilife Cross Farms LLC, Unilife Medical Solutions Limited and Unitract Syringe Pty Limited in favor of ROS Acquisition Offshore LP and Royalty Opportunities S.A.R.L.	10-Q	10.7	May 12, 2014
10.24	Pledge and Security Agreement, dated as of March 12, 2014, by Unilife Medical Solutions, Inc., Unilife Cross Farms LLC, Unilife Medical Solutions Limited and Unitract Syringe Pty Limited in favor of ROS Acquisition Offshore LP	10-Q/A	10.3	September 29, 2014
10.25	Open-End Commercial Mortgage and Security Agreement, dated as of March 12, 2014, by and between Unilife Cross Farms LLC and ROS Acquisition Offshore LP, for itself and as agent for Royalty Opportunities S.A.R.L.	10-Q	10.9	May 12, 2014
10.26	Employment Agreement, dated September 15, 2014, between Unilife Corporation and John C. Ryan, Esq.	8-K	10.1	September 19, 2014

10.27	Amendment to Employment Agreement, dated September 15, 2014, between Unilife Corporation and Alan D. Shortall	8-K	10.2	September 19, 2014
10.28	Amendment to Employment Agreement, dated September 17, 2014, between Unilife Corporation and Alan D. Shortall	8-K	10.3	September 19, 2014
10.29	Amendment to Employment Agreement, dated September 15, 2014, between Unilife Corporation and Ramin Mojdeh, Ph.D.	8-K	10.4	September 19, 2014
10.30	Amendment to Employment Agreement, dated September 17, 2014, between Unilife Corporation and Ramin Mojdeh, Ph.D.	8-K	10.5	September 19, 2014
10.31	First Amendment to the Credit Agreement, dated September 30, 2014, between Unilife Medical Solutions, Inc. and ROS Acquisition Offshore LP	10-Q	10.1	November 12, 2014
10.32	First Amendment to the Royalty Agreement, dated September 30, 2014, between Unilife Medical Solutions, Inc. and Royalty Opportunities S.A.R.L.	10-Q	10.2	November 12, 2014
10.33	Employment Agreement, dated November 6, 2014, between Unilife Corporation and Mark V. Iampietro	10-Q	10.3	November 12, 2014
10.34	Employment Agreement, dated January 9, 2015, between Unilife Corporation and David C. Hastings	8-K	10.1	January 14, 2015
10.35	Amendment to Employment Agreement, dated January 9, 2015, between Unilife Corporation and Ramin Mojdeh, Ph.D.	8-K	10.3	January 14, 2015
10.36	Amendment to Employment Agreement, dated January 9, 2015, between Unilife Corporation and John C. Ryan	8-K	10.4	January 14, 2015
10.37	Form of Restricted Stock Agreement under the Unilife Corporation 2009 Stock Incentive Plan, dated November 14, 2014, between Unilife Corporation and Alan D. Shortall (4,000,000 shares of common stock)	S-8	4.2	November 14, 2014
10.38	Form of Restricted Stock Agreement under the Unilife Corporation Amended and Restated 2009 Stock Incentive Plan	10-Q	10.1	February 9, 2015
10.39	Form of Restricted Stock Units Notice under the Unilife Corporation Amended and Restated 2009 Stock Incentive Plan (US Directors)	10-Q	10.2	February 9, 2015
10.40	Form of Restricted Stock Agreement under the Unilife Corporation Amended and Restated 2009 Stock Incentive Plan (Australian Directors)	10-Q	10.3	February 9, 2015
10.41	Purchase Agreement, dated as of July 29, 2015, between Unilife Corporation and Lincoln Park Capital Fund, LLC	8-K (Film No. 151014075)	10.1	July 30, 2015
10.42	Controlled Equity Offering SM Sales Agreement, dated July 29, 2015, between Unilife Corporation and Cantor Fitzgerald & Co.	8-K (Film No. 151014081)	10.1	July 30, 2015

10.43	Second Amendment to the Credit Agreement, dated June 30, 2015, between Unilife Medical Solutions, Inc. and ROS Acquisition Offshore LP		10-K	10.43	September 14, 2015
10.44	Employment Agreement, dated September 10, 2015 between Unilife Corporation and Dennis P. Pyers		10-K	10.44	September 14, 2015
12.1	Statement regarding computation of Ratio of Earnings to Fixed Charges		10-K	12.1	September 14, 2015
21	List of subsidiaries of Unilife Corporation		10-K	21	September 14, 2015
23.1	Consent of KPMG LLP	X			
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer	X			
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer	X			
32.1	Section 1350 Certification	X			
32.2	Section 1350 Certification	X			
101.INS	XBRL Instance Document	X			
101.SCH	XBRL Taxonomy Extension Schema	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X			

* Confidential treatment has been requested for certain provisions of this Exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNILIFE CORPORATION

By: /s/ John Ryan
Name: John Ryan
Title: President and Chief Executive Officer

Date: October 21, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ John Ryan John Ryan	President and Chief Executive Officer (Principal Executive Officer)	October 21, 2016
/s/ David C. Hastings David C. Hastings	Senior Vice President, Chief Financial Officer, Chief Accounting Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	October 21, 2016
/s/ Mary Katherine Wold Mary Katherine Wold	Chair	October 21, 2016
/s/ John Ryan John Ryan	Director	October 21, 2016
/s/ Michael E. Kamarck Michael E. Kamarck	Director	October 21, 2016
/s/ John Lund John Lund	Director	October 21, 2016
/s/ Harry A. Hamill Harry A. Hamill	Director	October 21, 2016
/s/ Jeff Carter Jeff Carter	Director	October 21, 2016
/s/ William Galle William Galle	Director	October 21, 2016

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Unilife Corporation:

We consent to the incorporation by reference in Form S-8 (Registration Statement Nos. 333-200223, 333-193358, 333-186049, 333-178882, and 333-164964) and in Form S-3 (Registration Statement Nos. 333-197122, and 333-173195) of Unilife Corporation of our reports dated September 14, 2015, except for the revisions to the consolidated financial statements discussed in note 2 and the restatement as to the effectiveness of internal control over financial reporting for various material weaknesses, as to which the date is October 21, 2016, with respect to the consolidated balance sheets of Unilife Corporation and subsidiaries as of June 30, 2015 and 2014, and the related consolidated statements of operations and comprehensive loss, stockholders' (deficit) equity, and cash flows for each of the years in the three-year period ended June 30, 2015, and the effectiveness of internal control over financial reporting as of June 30, 2015, which reports appear in the June 30, 2015 annual report on Form 10-K/A of Unilife Corporation.

Our report on the consolidated financial statements contains an explanatory paragraph that states that the Company has incurred recurring losses from operations and has limited cash resources, which raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty. Our report also refers to revisions to reflect a May 13, 2016 10:1 reverse split of the Company's common stock as if it had occurred at the beginning of the first period presented and to correct immaterial errors and omitted disclosures regarding restricted cash and related party transactions.

Our report on the effectiveness of internal control over financial reporting as of June 30, 2015, expresses our opinion that Unilife Corporation did not maintain effective internal control over financial reporting as of June 30, 2015 because of the effect of material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states:

The following material weaknesses have been identified and included in management's assessment:

- Ineffective tone at the top and design and operation of controls to monitor, investigate and communicate non-compliance with the Company's Code of Conduct;
- Insufficient number of trained resources with responsibility and accountability for financial reporting processes and controls;
- Ineffective continuous risk assessment process;
- Ineffective information and communication processes and monitoring activities regarding related party transactions;
- Ineffective operation of certain process level controls due to management override of controls, including related party transactions and loans and advances to executives and a former Board member; and
- Ineffective program change and access general information technology controls resulting in ineffective process level automated controls, and ineffective compensating manual controls.

/s/ KPMG LLP

Harrisburg, Pennsylvania
October 21, 2016

Exhibit 31.1

Certification of Chief Executive Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John Ryan, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Unilife Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John Ryan
Name: John Ryan
Title: Chief Executive Officer

Date: October 21, 2016

Exhibit 31.2

Certification of Chief Financial Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David C. Hastings, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Unilife Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David C. Hastings
Name: David C. Hastings
Title: Chief Financial Officer

Date: October 21, 2016

Exhibit 32.1

Certification of Chief Executive Officer pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K/A of Unilife Corporation (the "Company") for the fiscal year ended June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Ryan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John Ryan
Name: John Ryan
Title: Chief Executive Officer

Date: October 21, 2016

Exhibit 32.2

Certification of Chief Financial Officer pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K/A of Unilife Corporation (the "Company") for the fiscal year ended June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David C. Hastings, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David C. Hastings
Name: David C. Hastings
Title: Chief Financial Officer

Date: October 21, 2016