Cyclopharm Limited
Appendix 4E

1. Company details

Name of entity

CYCLOPHARM LIMITED

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
74 116 931 250	31 December 2015	31 December 2014

2. Results for announcement to the market

2.1 Revenues from ordinary activities	up	4.4%	to	12,582,519
2.2 Profit from ordinary activities after tax attributable to members	up	17.9%	to	4,793,047
2.3 Net Profit for the period attributable to members	up	17.9%	to	4,793,047

2.4 Dividends	Amount per security	Franked amount per security
Final dividend proposed	0.5 cent	0.5 cent
Interim dividend - 2015	0.5 cent	0.5 cent

The Directors have resolved to pay a final fully franked dividend in respect of the year ended 31 December 2015 of 0.5 cent per share payable on 19 April 2016. A fully franked interim dividend in respect of the financial year ended 31 December 2015 was paid on 14 October 2015.

Ex-dividend date	Monday, 11 April 2016
Record date for determining entitlements to the final dividend	Tuesday, 12 April 2016
Payment date	Tuesday, 19 April 2016

2.5 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

The change in Net Profit for the period attributable to members (up 17.9%) includes an increase in reported income tax benefit (2015: $0.70 million tax benefit vs 2014: $0.59 million tax benefit). In addition, the statutory result includes results from the suspended operations and expenses associated with obtaining FDA approval to sell Technegas in the USA.

The table below outlines Cyclopharm's consolidated performance on a comparative financial year basis:

	2015	**Change**	**2014**	**Change**	**2013**	**Notes to Accounts**
Statutory Profit / (Loss) before tax and finance costs (EBIT)	4,115,759	15.0%	3,577,515	N/A	(9,994,310)	
Add: FDA Expenses	686,410		478,035		478,404	Note 4d
Less: EBIT / (Loss) before tax and finance costs from suspended operations (Molecular Imaging Division)	(1,958,921)		(1,640,463)		11,541,600	Note 3
EBIT (Technegas Division)	**2,843,248**	**17.7%**	**2,415,087**	**19.2%**	**2,025,694**	
Less: Finance Costs (Technegas Division)	(24,213)		(23,820)		(17,202)	Note 3
Profit before tax (Technegas Division)	**2,819,035**	**17.9%**	**2,391,267**	**19.1%**	**2,008,492**	
Other revenue (Molecular Imaging Division) included in Statutory EBIT	2,104,689	(27.3)	2,894,920	100.0%	-	Note 4

Other key highlights of the 2015 year included:

- Technegas division EBIT increased by 17.7% to $2.84 million
- Cashflow from operations of $4.15 million comprised predominantly from cash generated from the Technegas Division of $2.74 million and the net proceeds from the cyclotron insurance settlement of $2.10 million
- Net cash at year-end of $6.44 million, up $3.18 million
- Maiden full year dividend totaling 1.0 cent per share, fully franked

Further information is included in Attachment 1.

3. Statement of financial performance

Refer Attachment 1.

4. Statement of financial position

Refer Attachment 1.

5. Statement of cash flows

Refer Attachment 1.

6. Statement of retained earnings

Refer Attachment 1.

7. Dividends

Refer paragraph 2.4

8. Dividend reinvestment plans

The Group does not have a dividend reinvestment plan.

9. Net tangible assets

Refer Attachment 1.

10. Entities over which control has been gained or lost during the period

Control over entities

Name of entity (or group of entities)	Refer Attachment 1.

Loss of control over entities

Name of entity (or group of entities)	Refer Attachment 1.

11. Details of associates and joint venture entities

Refer Attachment 1.

12. Significant Information

Refer Attachment 1.

13. Foreign Entities

Refer Attachment 1.

14. Commentary on results for the period

Refer Attachment 1.

15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.

The accounts are in the process of being audited.

16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

The accounts are unlikely to be subject to dispute or qualification.

17. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

Not applicable

Contact details:

Mr James McBrayer
Managing Director and Company Secretary
Cyclopharm Limited

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Email: jmcbrayer@cyclopharm.com.au

Appendix 4E

Preliminary Final Report

For the year ended 31 December 2015

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Appendix 4E Commentary
Full Year Results of Cyclopharm Limited and its Controlled Entities ("Company")
For the 12 months ended 31 December 2015

Features

Dear Shareholders,

2015 has been another year of outstanding progress for your company. By concentrating on opportunities to leverage our Technegas technologies in 2014, Cyclopharm is now a more focused, profitable, cash generative business supported by a healthy balance sheet and an active research and development pipeline.

During the year, our core Technegas Patient Administration Sets (PAS) and TechnegasPlus Generators (Generator) businesses continued to experience solid organic growth. We have made excellent progress in pursuing opportunities for new markets and new applications of Technegas, and launched our exciting new Ultralute™ product on the global stage.

These achievements have resulted in Cyclopharm reporting for the second consecutive year record Sales and EBITDA while establishing a platform for ongoing profitable and cash generative growth.

The Company's reported NPAT for the year was $4,793,047 (2014 $4,065,563) representing Basic Earnings Per Share of 8.61 cents. The change in NPAT from 2014 includes an increase in reported income tax benefit (2015: $702,705 benefit vs 2014: $595,310 benefit). Excluding this, Cyclopharm's reported Profit Before Tax for 2015 was $4,090,342, an increase of 17.9% over the prior year on a comparable basis (2014: $3,470,253).

This healthy financial performance has enabled the Board to implement a half yearly fully franked dividend payment, which it expects to grow over time, while retaining a strong cash position to support investments in research and development and product trials which it expects will form the basis for ongoing growth in shareholder value.

Group Financial Performance

Key highlights of our financial results for the 2015 year included:

- Record sales revenue of $12.58 million
- Record NPAT of $4.79 million
- Record Technegas division Operating EBITDA[1] of $2.29 million
- Cashflow from operations of $4.15 million
- Net cash at year-end of $6.44 million, up $3.18 million
- Maiden full year dividend totaling 1.0 cent per share, fully franked

The combined sales of the Company's key products, Generators and PAS, was $12.51 million. This was 8.9% higher than in 2014, assisted by a $0.76 million increase in PAS sales driven by volume growth in Australasia and Europe and local price increases. Revenue from Generator sales grew 20% over the year to $1.68 million, while service revenue remained stable at approximately $0.68 million.

[1] Operating EBITDA = Reported Earnings before Interest, Tax and Depreciation and Amortisation.

The following table outlines the Company's underlying results[2] on a comparative financial year basis:

Year ended 31 December ($000's)	2015	Change	2014	Change	2013
Technegas Results:					
Sales Revenue					
PAS	10,145	↑ 8.1%	9,384	↑ 9.3%	8,583
Generators/service	2,363	↑ 12.2%	2,106	↑ 12.4%	1,874
Total Sales	**12,508**	↑ 8.9%	**11,490**	↑ 9.9%	**10,457**
Underlying EBITDA	**2,980**	↑ 13.0%	**2,638**	↑ 17.5%	**2,246**
Underlying EBITDA Margin	*23.8%*	↑ *0.8%*	*23.0%*	↑ *1.5%*	*21.5%*
FDA Expenses	(686)	↑ 43.5%	(478)	-	(478)
EBITDA	2,294	↑ 6.2%	2,160	↑ 22.2%	1,767
D&A	(137)	**-38.6%**	(223)	-	(220)
EBIT	**2,157**	↑ 11.4%	**1,937**	↑ 25.2%	**1,547**
EBIT Margin	*17.2%*	↑ *0.3%*	*16.9%*	↑ *2.1%*	*14.8%*

Continued focus on managing operating expenses enabled Cyclopharm to expand its Underlying EBITDA margins, which grew to 23.8% in 2015 from 23.0% in the prior year.

Cashflow from operations of $4.15 million predominantly comprised of operating cash generated by the Technegas division of $2.74 million and the proceeds from the cyclotron insurance claim in December 2015 of a net $2.10 million. These positive cashflows were partly offset by approximately $0.52 million of expenses related to Ultralute™. Together, these operating cash flows supported the investment in ongoing FDA trials, capex and the payment of the initial dividend. They also enabled the Company to finish the year with an increased net cash balance of $6.44 million.

Group Operating Performance

During the financial year, Cyclopharm's core operations continued to perform strongly and significant progress was made in implementing our strategy of growing shareholder value through entering new markets and developing new applications for Technegas, as well as bringing new technologies, such as Ultralute™, to market. Operating highlights for the year include:

- Technegas sales continue to grow in most major markets
- Positive preliminary findings from Technegas trials in China - showing that Technegas is an effective tool in the diagnosis and management of COPD
- Continued progress in seeking approval to market and distribute Technegas in the United States
- Ultralute™ technology introduced to the market on track for 2016 sales
- Settled cyclotron insurance claim, which provided a net $2.10 million to the Company

Sales volumes and gross margins from our core Technegas business continued to grow over the year, driven by higher margins in nearly all markets, and strong volume growth in the Australasian and European markets. This was partly offset by the retracing of sales volume in Latin America from a strong prior year result in that market. Revenue from sales of PAS units grew 8% over the prior year, benefiting from a 3% increase in volumes, local market price increases and a continued low Australian dollar. Revenue from Generator sales grew by 20% over the prior year driven by volume growth.

The company introduced its Ultralute™ product in Germany in October 2015. Ultralute™ is a unique device that extends the useful life of Molybdenum-99 (Mo-99) generators, the most commonly used medical isotope in the world, by up to 50 per cent. When Mo-99, which has a half-life of 2.75 days, decays it produces Technetium-99m (Tc-99m) that has a half-life of 6 hours. Global interest in

[2] Underlying Results represent results from the Technegas Division excluding one off items (Insurance/Litigation settlement and costs), CLSA deposit, FDA expenses and MMI equity accounted earnings.

Ultralute™ is strong, with initial revenue from Ultralute™ sales expected to be recorded in the 2016 financial year from the European market.

During the year, Cyclopharm continued to progress its efforts to launch Technegas into new markets and to identify new applications for the use of the Company's products.

In 2014 Cyclopharm commenced trials in China for the use of Technegas in the diagnosis and management of chronic obstructive pulmonary disease (COPD). The recently announced preliminary trial results showed Technegas was effective at diagnosing the extent of emphysema in trial patients and at an earlier stage of the disease than standard diagnostic methods. Initial findings also suggest that Technegas is more accurate at diagnosing comorbidities and measuring impairment in lung function therefore, offering clinicians a new tool to diagnose and monitor the effectiveness of treatment earlier than ever before.

The Company expects that, over the medium term, the COPD diagnosis and treatment market offers a significant growth opportunity for Technegas sales. Specifically, COPD is predicted to become the third leading cause of death worldwide by 2020 and is particularly common in China due to air pollution and high rates of smoking. In China, it has been estimated that there will be 65 million deaths from COPD and 18 million deaths from lung cancer between 2003 and 2033. In Australia, 1 in 5 Australians can expect to suffer from COPD in their lifetime.

Gaining United States Food and Drug Administration (USFDA) approval to sell Technegas in the United States market is a major priority for the Company. Cyclopharm believes the United States market has the potential to be the largest market for Technegas globally, and could therefore drive a substantial increase in shareholder value. To facilitate this, Cyclopharm has been undertaking trials of Technegas in the United States in order to gain those regulatory approvals.

In September 2015, Cyclopharm announced it had signed a commercial Term Sheet with Jubilant DraxImage ("DraxImage"), a wholly owned subsidiary of Jubilant Life Sciences Limited, providing DraxImage an exclusive license to market and distribute Technegas in the United States, subject to mutual due diligence, agreement and execution of a final License Agreement followed by the necessary board approvals. The Term Sheet also provides for DraxImage to assist Cyclopharm with the development and financing of the phase III clinical trials for Technegas, and any other steps required to file for and obtain USFDA approval. The Company is actively negotiating the terms of the final License Agreement.

Notwithstanding the opportunity a partnership can provide the Company, negotiations to reach a definitive agreement have taken longer than anticipated. In the event that final terms cannot be agreed between Draximage and Cyclopharm, the Directors are committed to progressing the USFDA opportunity independently.

In December 2015, Cyclopharm announced that a settlement has been reached with our insurers relating to water damage resulting from a car fire at Macquarie University Hospital in 2014 that damaged our cyclotron facility. Under the settlement Cyclopharm received a net $2.10 million, after costs. The Company is currently in discussions regarding the long term status of the facility which it is hopeful will result in a positive outcome for the ongoing use of the cyclotron facility and realisation of further value to the Company.

Summary

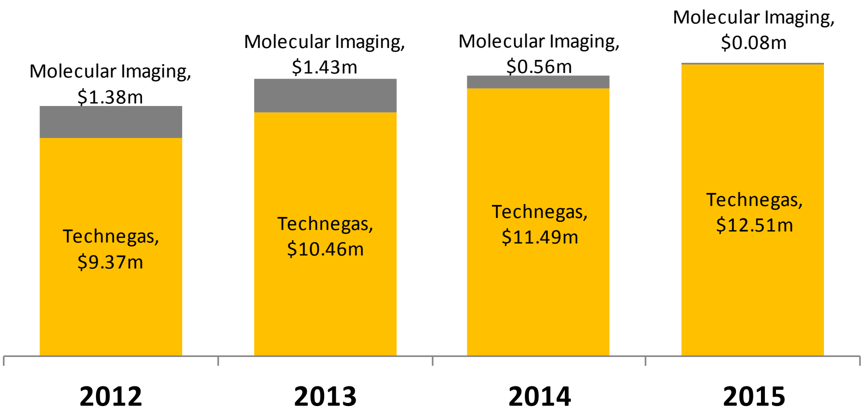
2015 was an outstanding year of achievement for Cyclopharm. Our more focused business began delivering on its potential, allowing shareholders to directly benefit from a profitable growing business through the commencement of dividend payments and an improved share price.

The Company's core Technegas business reported record sales and profit for the second consecutive year. Our balance sheet was significantly bolstered by strong operational cash flows and resolution of the cyclotron insurance claim. We have delivered on our promise to introduce the exciting Ultralute™ product to the market and look forward to recording first revenues from this technology in the second half of 2016. We recorded healthy organic growth from our core Technegas products and made significant progress on our strategy of entering new markets, such as Russia, China, Japan, and the United States as well as expanding the use of Technegas to new diagnostic purposes.

The Board expects our profitability and cash flow will continue to grow in 2016, benefiting from additional volume growth in our core markets and supported by a favourable exchange rate and increased awareness of our core products internationally.

SEGMENT REVIEW

Group Revenue by Segment

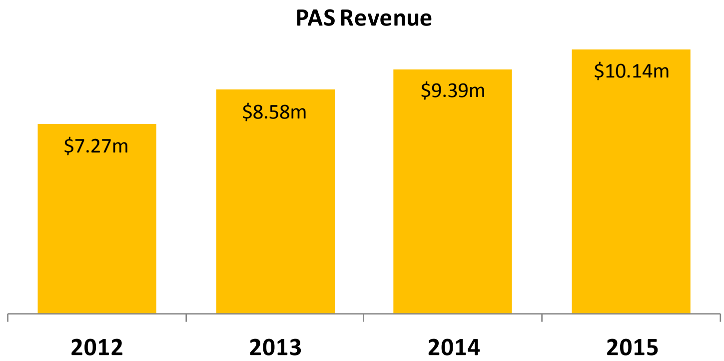


TECHNEGAS

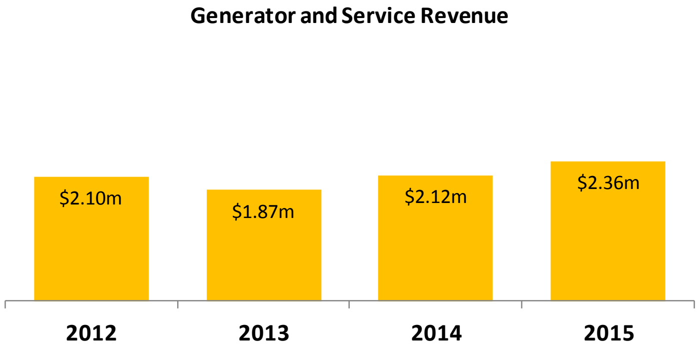
Technegas is a lung imaging device used primarily to diagnose the presence of blood clots in the lungs known as Pulmonary Emboli (PE). For the last 28 years, over 3,000,000 patients have benefited from the Technegas system. Technegas lung imaging is an alternative to Computed Tomography Pulmonary Angiogram ("CTPA") that avoids numerous contraindications attributed to CTPA and addresses the concerns relating to the high levels of radiation exposure resulting from a CTPA exam. Technegas's continued growth in sales demonstrates its ongoing relevance to the medical industry and provides the Company with secure and growing sales and cash flows.

Revenue Composition

Sales revenue of $12.51 million from the segment's key products, PAS and Generators, grew by 8.9% over the preceding year (2014: $11.49 million). Underlying EBITDA margins as a percentage of sales increased from 23% to 24% in 2015.



Revenue from PAS and its consumables represented 81% of the segment's revenue in 2015 and was 8% higher at $10.14 million in 2015 compared to 2014 ($9.39 million) due to a 3% increase in volumes and improved pricing.



Technegas Generator sales and other service revenue was $2.36 million for the year, up 11.3% on the prior year (2014: $2.12 million). The increase was a result of a 20% increase in Generator sales volume. This was partly offset by a small decline in service revenue to $0.68 million (2014: $0.70 million).

Regional Review

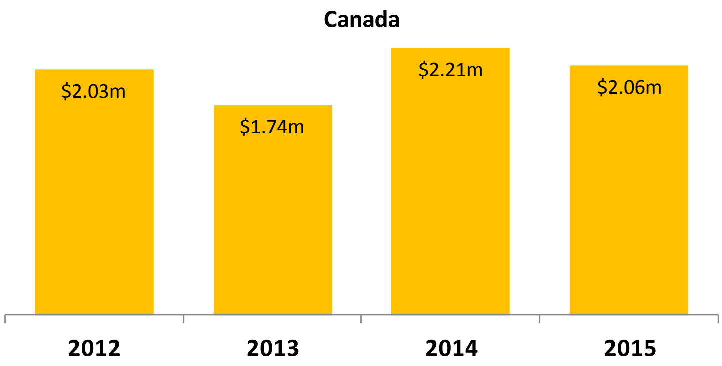
North America – USA

In 2012, Cyclopharm commenced phase III clinical trials of Technegas at New York's Presbyterian/Columbia University Medical Center required for market entry into the United States. Since that date, the company, in consultation with the USFDA, has altered the clinical trial program to accelerate and simplify the trial process. This will ultimately allow for an expedited and less costly path to market approval.

As previously mentioned, the Company signed a Term Sheet with DraxImage in 2015 which, subject to execution of a final License Agreement, will provide them with an exclusive license to market and distribute Technegas in the United States and for DraxImage to assist with the development and financing of US clinical trials, and any other steps required to file for and obtain USFDA approval. Negotiations regarding details of the final agreement with DraxImage are actively ongoing, with Cyclopharm expecting to conclude negotiations in Q1 2016.

Contemporaneously, Cyclopharm is continuing to progress the existing trial program, to ensure that successful trial results are obtained in the shortest possible timeframe and to the satisfaction of the USFDA. In line with the Company's arguably conservative accounting treatment, expenditure on these trials will be expensed until USFDA approval is achieved, notwithstanding the confidence of the Directors that such approval will ultimately be given.

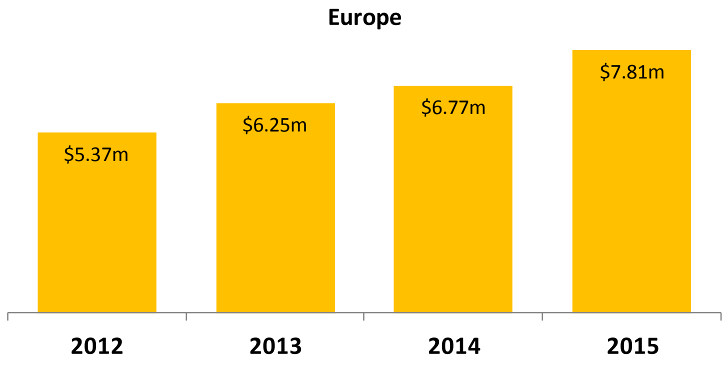
North America – Canada



Canada is the largest Technegas country market globally with 4 generators (2014: 12) and 854 PAS boxes (2014: 838) sold in 2015. The continued improvement in PAS sales in this region represents the 12th consecutive year of sales volume growth. Canada recorded total revenue of $2.06 million in 2015 (2014: $2.21 million). The Canadian market represents a strong indicator for anticipated take up rates in the United States following approval to sell Technegas in that market.

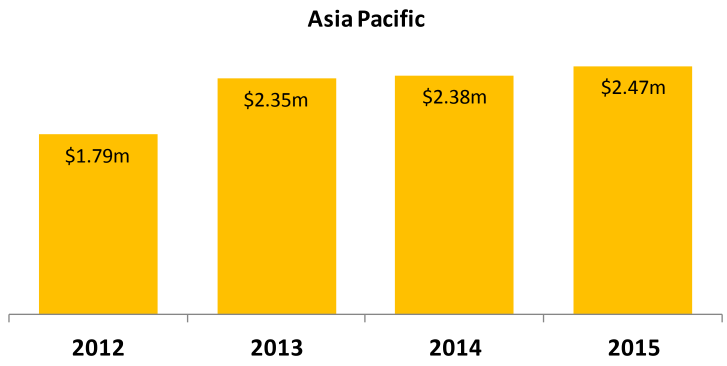
Managing Director's Report
Continued

Europe



Approximately 64% of sales revenue is derived in Europe (2014: 60%). Overall sales revenue was 15% higher at $7.81m (2014: $6.77m). Improvement in sales revenue was driven by higher Generator sales, with 44 sold in 2015 compared with 24 in the prior year; and 2,136 PAS boxes were sold in Europe in 2015, up 2% on 2014 (2,089 PAS boxes).

Asia Pacific



Revenues in the Asia Pacific region grew by 4% in 2015. In Australia, revenue was stable with a decline in generator sales in 2015 (4 units) compared to 2014 (8 units) offset by a 3% increase in PAS boxes sold in 2015 (665 PAS boxes) compared to 2014 (646 PAS boxes). In Asia, sales revenue grew strongly, up 74%, driven by an 83% increase in PAS boxes sold in 2015 (165 PAS boxes) compared to 2014 (90 PAS boxes).

New Indication for Technegas

Developing new applications for Technegas is one of the pillars of the company's growth strategy. Over the past year, Cyclopharm has focused its efforts on the Chronic Obstructive Pulmonary Disease ("COPD") and Lung Cancer markets, given their significant market potentials for Technegas.

In January 2016, we were delighted to announce positive preliminary trial results from our ongoing clinical trial in China, targeting the use of Technegas for the diagnosis of COPD. Specifically, the preliminary results of the trials showed Technegas was effective at diagnosing the extent of emphysema in trial patients and at an earlier stage of the disease than standard diagnostic methods. Technegas was also more accurate at measuring impairment in lung function and therefore better able to monitor the effectiveness of treatment.

Cyclopharm will continue to accept new patients into this trial until the end of March 2016, in order to bolster the trial results already received.

While these positive preliminary trial results were anticipated, they provide a platform for the company to present the findings to clinicians globally at medical conferences and through peer reviewed published papers, in order to encourage the usage of Technegas in not only the diagnosis and treatment monitoring of COPD but also expanding the traditional market of diagnosing Pulmonary Embolism.

In this regard, in 2016, Cyclopharm intends to actively engage in presenting at a number of respiratory focused conferences to educate clinicians on the benefits of Technegas in the treatment and monitoring of their patients. Additionally, Cyclopharm intends to make a number of small targeted investments to partner with other researchers and organisations, with the aim of expanding the number and types of trials and published results verifying the benefits of Technegas to relevant referring physicians and clinicians.

The Cyclopharm Board believes that the global COPD, Asthma and Lung Cancer markets represent significant opportunities for the company to expand sales of Technegas materially, and that these markets have the potential to be a material driver of shareholder value over the medium term.

JOINT VENTURE - MACQUARIE MEDICAL IMAGING

Cyclopharm's medical imaging joint venture, MMI, provides patients at Macquarie University Hospital and neighbouring suburbs access to state of the art imaging facilities including 3T MRI, CT, X-ray, Ultrasound and Positron Emission Tomography (PET) scanning.

Growth in MMI is tied closely to the hospital's ramp-up. Sales revenue increased 5% in 2015 as result of initiatives being implemented at MUH, including a new breast cancer clinic and expanded specialties such as cardiothoracic services, cancer care services and expanded PET indications.

The joint venture is accounted for on an equity basis due to Cyclopharm's minority shareholding. As a result, MMI's full accounts are not consolidated into our accounts.

MOLECULAR IMAGING TRADING AS CYCLOPET

We announced on 20 June 2014 that substantial water damage occurred to our cyclotron facility following attempts by the authorities to extinguish a fire in the carpark on the floor above the facility. In December 2015, Cyclopharm announced that a settlement has been reached with our insurers. Under the settlement, Cyclopharm received a net $2.10 million, after costs. The Company is currently in discussions regarding the long term status of the facility which it is hopeful will result in a positive outcome for the ongoing use of the cyclotron facility and the realisation of further value to the Company.

OUTLOOK

In 2015, Cyclopharm benefited from its first full year of becoming a much simpler more focused business. This saw the company reporting record sales, profits and consolidating the position of its highly profitable and cash-generating Technegas business in international markets; successfully introducing our patented Ultralute™ technology and making significant progress on delivery of our strategy of entering new markets and developing new applications for Technegas.

In 2016 we expect Technegas revenues will continue to grow modestly across our existing markets, driven by continued strong performance in Canada and Asia. Technegas sales into the European markets are expected to reflect economic conditions in those markets.

We expect to record our first modest revenues from our patented Ultralute™ technology in the second half of 2016. However, we do not expect Ultralute™ to contribute to 2016 earnings due to the impact of ramp-up costs as we develop our production and sales capabilities.

A major focus for the year will be educating the global respiratory medical community on the diagnostic and patient monitoring uses for Technegas, following successful completion of our Chinese trials and the introduction of new clinical initiatives targeting COPD in our well established markets. Following successful completion of those trials, the potential to expand Technegas's revenue and profitability over the medium to longer term is significant.

Managing Director’s Report
Continued

We continue to actively pursue the introduction of Technegas to the United States market. The Board believes this market has the potential to become the largest global market for Technegas. Our intended licensing agreement with DraxImage, aims to materially reduce the timeframes, risks and costs to Cyclopharm of entering this market. I look forward to updating shareholders as we progress this opportunity.

The achievements of your Company over the past year show the significant potential and shareholder value that can be generated from successfully executing the Company’s growth strategy. We are absolutely delighted with the financial performance of the Company and our ability to commence dividend payments during the year. While the precise timing of achieving milestones such as entry into the United States market and generating Technegas sales in the COPD market are necessarily uncertain, the prospects for your company are exemplary. The Cyclopharm management team, with the ongoing support of the Board, remain absolutely committed to delivering growing financial rewards to our shareholders.

James S McBrayer

James McBrayer
Managing Director and CEO

Statement of Comprehensive Income
for the year ended 31 December 2015

cyclopharm
Nuclear Medicine

UNAUDITED

	Notes	Consolidated 2015 $	Consolidated 2014 $
CONTINUING OPERATIONS			
Sales revenue	4	12,582,519	12,046,797
Finance revenue		46,210	20,510
Other revenue	4	2,104,689	2,894,920
Total revenue		**14,733,418**	**14,962,227**
Cost of materials and manufacturing	4a	(2,671,671)	(3,426,976)
Employee benefits expense	4e	(3,305,078)	(3,413,729)
Advertising and promotion expense		(340,945)	(249,688)
Depreciation and amortisation expense	4c	(144,176)	(265,962)
Freight and duty expense		(450,840)	(527,711)
Research and development expense	4d	(726,992)	(492,266)
Administration expense	4f	(2,365,849)	(2,663,169)
Other expenses	4g	(612,108)	(405,211)
Reversal / (Share) of loss of associate	11	-	60,000
Profit before tax and finance costs		**4,115,759**	**3,577,515**
Finance costs	4b	(25,417)	(107,262)
Profit before income tax		**4,090,342**	**3,470,253**
Income tax benefit	5	702,705	595,310
Net Profit for the year		**4,793,047**	**4,065,563**
Other comprehensive income after income tax			
Items that will be re-classified subsequently to profit and loss when specific conditions are met:			
Exchange differences on translating foreign controlled entities (net of tax)		700,759	2,371
Total comprehensive income for the year		**5,493,806**	**4,067,934**
Earnings per share (cents per share)	6	**cents**	**cents**
-basic earnings per share for continuing operations		8.61	7.03
-basic earnings per share		8.61	7.03
-diluted earnings per share		8.35	7.03

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Statement of Financial Position
as at 31 December 2015

UNAUDITED

	Notes	Consolidated 2015 $	2014 $
Assets			
Current Assets			
Cash and cash equivalents	7	6,444,995	3,268,425
Trade and other receivables	8	4,420,505	3,268,993
Inventories	9	2,208,613	2,284,653
Other assets		23,956	27,972
Total Current Assets		**13,098,069**	**8,850,043**
Non-current Assets			
Property, plant and equipment	10	631,706	729,063
Investments accounted for using the equity method	11	-	-
Intangible assets	12	1,311,719	706,884
Deferred tax assets	5	1,499,423	675,327
Total Non-current Assets		**3,442,848**	**2,111,274**
Total Assets		**16,540,917**	**10,961,317**
Liabilities			
Current Liabilities			
Trade and other payables	13	1,754,383	1,869,475
Interest bearing loans and borrowings	14	45,877	45,692
Provisions	15	945,129	796,363
Tax liabilities	5	475,428	208,486
Total Current Liabilities		**3,220,817**	**2,920,016**
Non-current Liabilities			
Interest bearing loans and borrowings	14	151,499	200,039
Provisions	15	58,544	72,219
Deferred tax liabilities	5	7,814	12,883
Total Non-current Liabilities		**217,857**	**285,141**
Total Liabilities		**3,438,674**	**3,205,157**
Net Assets		**13,102,243**	**7,756,160**
Equity			
Contributed equity	16	14,962,967	14,962,967
Employee equity benefits reserve		495,845	365,259
Foreign currency translation reserve		177,660	(523,099)
Accumulated losses		(2,534,229)	(7,048,967)
Total Equity		**13,102,243**	**7,756,160**

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

Statement of Cash Flows
for the year ended 31 December 2015

cyclopharm Nuclear Medicine

UNAUDITED

	Notes	Consolidated 2015 $	2014 $
Operating activities			
Receipts from customers		11,393,495	12,606,355
Insurance settlement proceeds		2,104,689	-
Litigation settlement proceeds		-	2,650,000
Payments to suppliers and employees		(9,504,625)	(10,701,933)
Interest received		46,210	20,510
Borrowing costs paid		(25,417)	(107,262)
Income tax received		140,482	1,110
Net cash flows from operating activities	7	**4,154,834**	**4,468,780**
Investing activities			
Loan to associate		-	60,000
Purchase of property, plant and equipment		(12,412)	(19,437)
Payments for deferred expenditure		(639,242)	(279,319)
Net cash flows used in investing activities		**(651,654)**	**(238,756)**
Financing activities			
Costs of raising capital		-	(270)
Dividends paid		(278,309)	-
Repayment of bank borrowings		(48,355)	(2,171,255)
Net cash flows used in financing activities		**(326,664)**	**(2,171,525)**
Net increase in cash and cash equivalents		**3,176,516**	**2,058,499**
Cash and cash equivalents			
- at beginning of the period		**3,268,425**	**1,220,646**
- net foreign exchange differences from translation of cash and cash equivalents		54	(10,720)
- at end of the year	7	**6,444,995**	**3,268,425**

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

for the year ended 31 December 2015

UNAUDITED

CONSOLIDATED	Contributed Equity $	Other Contributed Equity $	Total Contributed Equity $	Retained Earnings / (Accumulated Losses) $	Foreign Currency Translation Reserve $	Employee Equity Benefits Reserve $	Total $
Balance at 1 January 2014	**20,296,395**	**(5,333,158)**	**14,963,237**	**(11,114,530)**	**(525,470)**	**338,585**	**3,661,822**
Profit for the year	-	-	-	4,065,563	-	-	4,065,563
Other comprehensive income	-	-	-	-	2,371	-	2,371
Total comprehensive loss for the year	**-**	**-**	**-**	**4,065,563**	**2,371**	**-**	**4,067,934**
Cost of raising capital	(270)	-	(270)	-	-	-	(270)
Cost of share based payments	-	-	-	-	-	26,674	26,674
Total transactions with owners and other transfers	**(270)**	**-**	**(270)**	**-**	**-**	**26,674**	**26,404**
	-	-	-	-	-	-	-
Balance at 31 December 2014	**20,296,125**	**(5,333,158)**	**14,962,967**	**(7,048,967)**	**(523,099)**	**365,259**	**7,756,160**
Balance at 1 January 2015	**20,296,125**	**(5,333,158)**	**14,962,967**	**(7,048,967)**	**(523,099)**	**365,259**	**7,756,160**
Profit for the year	-	-	-	4,793,047	-	-	4,793,047
Other comprehensive income	-	-	-	-	700,759	-	700,759
Total comprehensive loss for the year	**-**	**-**	**-**	**4,793,047**	**700,759**	**-**	**5,493,806**
Cost of raising capital	-	-	-	-	-	-	-
Dividends paid	-	-	-	(278,309)	-	-	(278,309)
Cost of share based payments	-	-	-	-	-	130,586	130,586
Total transactions with owners and other transfers	**-**	**-**	**-**	**(278,309)**	**-**	**130,586**	**(147,723)**
Balance at 31 December 2015	**20,296,125**	**(5,333,158)**	**14,962,967**	**(2,534,229)**	**177,660**	**495,845**	**13,102,243**

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

1. CORPORATE INFORMATION

Cyclopharm Limited is a Company limited by shares incorporated and domiciled in Australia. The shares are publicly traded on the Australian Securities Exchange ("ASX") under the code "CYC".

During the year, the principal continuing activities of the consolidated entity (the "Group") consisted of the manufacture and sale of medical equipment and radiopharmaceuticals, including associated research and development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

Change in Accounting Policy

For the previous year ended 31 December 2014, the Group voluntarily changed its accounting policy relating to the capitalised expenditure of the Ultralute and New Technegas Generator development projects, whereby the expenditure was reclassified as intangible development assets under AASB 138: Intangible Assets. Previously, the expenditure was classified as capital work in progress within property, plant and equipment. This change has been implemented as the Board has determined it is appropriate to classify and present all development assets as intangible development assets from the commencement of rather than upon the completion of the development activities. A useful life has not been determined as the development projects are not yet complete. The Directors are satisfied that future economic benefits will eventuate to justify the carrying value of the capitalised expenditure of these projects.

The table below provides a summary of the amounts of the adjustments for each financial statement line item affected by the reclassification of the Ultralute and New Technegas Generator development expenditure as intangible development assets for the year ended 31 December 2014:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Preparation

Change in Accounting Policy (continued)

Adjustments made to statement of financial position:

	As at 31 December 2014		
	Under Previous Accounting Policy	Effect of Change in Accounting Policy AASB138	As Presented
	$	$	$
Property, plant and equipment	1,303,167	(574,104)	729,063
Intangible development assets	132,780	574,104	706,884

b) New and Amended Accounting Policies Adopted by the Group

Consolidated financial statements

The Group adopted the following Australian Accounting Standards from the mandatory application date of 1 January 2015:

- **AASB 2014-1:** ***Amendments to Australian Accounting Standards (Part E)***

  Part E of this Standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: Financial Instruments: Disclosures, and to AASB 132: Financial Instruments: Presentation to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Group's financial statements on adoption of this part of the Standard.

c) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- **AASB 2014-1:** ***Amendments to Australian Accounting Standards (Part D)***

  Part D of this Standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14: Regulatory Deferral Accounts in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

– **AASB 2014-3: *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations***

This Standard is applicable to annual reporting periods beginning on or after 1 January 2016. It amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

Since adoption of this Standard would impact only acquisition of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Group's financial statements.

– **AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

This Standard is applicable to annual reporting periods beginning on or after 1 January 2016.
It amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;

- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and

- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses as per AASB 3 for which gains or losses were hitherto recognised only to the extent of the unrelated investor’s interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2016. As at 31 December 2015, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of the standard.

– **AASB 9: *Financial Instruments and associated Amending Standards*** (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

– **AASB 15:** ***Revenue from Contracts with Customers*** (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cyclopharm and its subsidiaries as at 31 December each year ('the Group').

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Cyclopharm has control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions eliminated on consolidation

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

For business combinations involving entities under common control, which are outside the scope of *AASB 3 Business Combinations*, the Company applies the purchase method of accounting by the legal parent.

e) Foreign currency translation

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars (AUD $) which is the parent entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items that are measured in terms of historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate when the fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income, except where deferred in equity as a qualifying cash flow hedge or net investment hedge. On disposal of a foreign entity the deferred cumulative amount in equity is recognised in the Statement of Comprehensive Income.

Group companies

The functional currency of the overseas subsidiaries Cyclomedica Ireland Limited, Cyclomedica Germany GmbH, Cyclomedica Europe Limited, is European Euro (Euro €) and Cyclomedica Canada Limited is Canadian dollars (Can $).

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at the weighted average exchange rates for the period.
- Retained profits/equity are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations are recognised in other comprehensive income and are transferred directly to the group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Statement of Comprehensive Income in the period in which the entity is disposed. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise, the exchange difference is recognised in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Company is the head entity of the tax consolidated group comprising all the Australian wholly owned subsidiaries. The implementation date for the tax consolidated group was 31 May 2006. Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a "stand-alone basis without adjusting for intercompany transactions" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under consolidation.

Any current tax Australian liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group. Any difference between these amounts is recognised by the head entity as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

g) Property, plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

The carrying amount of plant and equipment is reviewed annually by Directors to consider impairment. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets are depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Basis	**Method**
Plant and equipment	5 - 33%	Straight-line method
Leasehold Improvements	20 - 50%	Straight-line method
Motor vehicles	20 - 25%	Straight-line method

	New Patents and licences	**Technegas Development costs**
Useful lives	Patents - Finite Licenses - Infinite	Finite
Method used	8 - 10 years - Straight line	9 years - Straight line
Impairment test / Recoverable Amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; Reviewed annually for indicator of impairment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the year the item is derecognised.

h) Investments Accounted For Using The Equity Method

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired. The carrying amount of the investment also includes loans made to the associate which are not expected to be repaid in the short term.

Profit and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in Note 11.

i) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

j) Intangibles

Intangible assets

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Comprehensive Income through the 'depreciation and amortisation' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, at each reporting date, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when it is probable that future benefits will exceed deferred costs and these benefits can be reliably measured. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the costs over a period during which the related benefits are expected to be realised.

Expenditure on the development of the TechnegasPlus generator has been capitalised. A useful life of 9 years has been applied and amortisation for the year included in the Statement of Comprehensive Income. No impairment provision has been deemed appropriate. The Directors are satisfied that the future economic benefits will eventuate to justify the capitalisation of the expenditure incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Development expenditure is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Capitalised development expenditure is measured at cost less any accumulated amortisation and impairment losses.

k) Inventories

Inventories are valued at the lower of cost and net realisable value where net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress: cost of direct materials and labour and an appropriate portion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

l) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. A specific estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, short-term deposits with an original maturity of three months or less and bank overdrafts. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

n) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are normally settled within 30 to 60 days.

o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of economic benefits will result and that an outflow can be reliably measured. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Employee entitlements

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

Employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled plus related on-costs. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow (after applying probability) to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and other types of employee benefits are recognised against profits on a net basis in their respective categories.

r) Employee share and performance share schemes

The fair value of performance rights issued under the Cyclopharm Long Term Incentive Plan is recognised as a personnel expense over the vesting period with a corresponding increase in Employee Equity Benefits Reserve.

The fair value of the implied option attached to shares granted is determined using a pricing model that takes into account factors that include exercise price, the term of the performance option, the vesting and performance criteria, the share price at grant date and the expected price volatility of the underlying share. The fair value calculation excludes the impact of any non-market vesting conditions. Non market vesting conditions are included in assumptions about the number of performance options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of performance rights that are expected to become exercisable. The personnel expense recognised each period takes into account the most recent estimate.

Shares issued under employee and executive share plans are held in trust until vesting date. Unvested shares held by the trust are consolidated into the group financial statements.

s) Leases

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised (net of returns, discounts and allowances) when the significant risks and rewards of ownership and therefore control of the goods have passed to the buyer and can be measured reliably. Control is considered to have passed to the buyer at the time of delivery of the goods to the customer.

Provision of services

Revenue is recognised with reference to the stage of completion of the transaction at the end of the reporting period, where the outcome of the contract can be estimated reliably.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

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

u) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred is not recoverable from the Australian Taxation Office (“ATO”), and is therefore recognised as part of the asset’s cost or as part of the expense item. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

v) Financial instruments

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

De-recognition of financial instruments

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group assesses at each Statement of Financial Position date whether a financial asset or group of financial assets is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w) Contributed equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other contributed equity

In accordance with *AASB112 Income Taxes*, additional contributed equity was recorded to recognise the transfer of tax liabilities from Vita Medical Limited to Vita Life Sciences Limited, being the parent of the Australian tax consolidated group at the relevant time. This event occurred prior to Cyclopharm acquiring its interests in the net assets of Vita Medical Limited.

As part of the restructure a subsidiary of Cyclopharm, Vita Medical Australia Pty Ltd acquired all the assets, liabilities and business from Vita Medical Limited, the former group parent.

With effect from 31 May 2006, Cyclopharm also acquired 100% of the other group operating subsidiaries from the ultimate holding company, Vita Life Sciences Limited. Accordingly, the group comprises Cyclopharm and the following wholly owned subsidiaries:

- Cyclomedica Australia Pty Ltd (formerly Vita Medical Australia Pty Ltd)
- Cyclomedica Ireland Ltd (formerly Vitamedica Europe Ltd)
- Cyclomedica Europe Ltd
- Cyclomedica Canada Limited (formerly Vita Medical Canada Ltd)
- Cyclomedica Germany GmbH
- Allrad 28 Pty Ltd
- Allrad 29 Pty Ltd

These entities collectively comprise the medical diagnostic equipment and associated consumables business formerly operated as the Vita Medical Group – now known as the Cyclopharm Group. The transaction has been accounted for as a ‘reverse acquisition’ as defined in *AASB 3 Business Combinations* whereby Cyclopharm is the legal parent and Cyclomedica Australia Pty Limited is the financial parent, which for accounting purposes is deemed to be the acquirer.

The consideration for the minority interests of the controlled entities and costs of acquisition have been charged to other contributed equity in accordance with *AASB 127 Consolidated and Separate Financial Statements*.

x) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year. Where there is a change in the number of ordinary shares on issue without a corresponding change in recognised resources during the year, the number of ordinary shares for all periods presented are correspondingly adjusted as if the event had occurred at the beginning of the earliest period presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Where there is a change in the number of ordinary shares on issue without a corresponding change in recognised resources during the year, the number of ordinary shares for all periods presented are correspondingly adjusted as if the event had occurred at the beginning of the earliest period presented.

y) Fair Value

The Group subsequently measures some of its assets at fair value on a non-recurring basis. Fair value is the price the Group would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

z) Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The following are the critical judgements and estimates that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key Estimates

Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

The Group's property, plant and equipment relating to the Cyclotron facility have been fully impaired, based on management's assessment that the fair value of those assets is nil in the current industry circumstances and the condition of the damaged assets. Subsequent extensive damage to the cyclotron caused by substantial water damage in June 2014 has delayed any decisions about the future use of the cyclotron until it is restored to its former operational status. Accordingly, the suspended cyclotron business is not considered to be a discontinued operation pending that decision and its outcome. Refer to Note 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The assumptions used in the estimation of recoverable amount and the carrying amount of intangible assets are discussed in Note 12. No impairment has been recognised in respect of intangible assets at the end of the reporting period.

Useful lives of property, plant and equipment

The estimation of the useful lives of assets has been based on historical experience as well as lease terms and turnover policies. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. Refer to Note 22 for details of the Company's Share Based Payment Plan.

Key Judgements

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

3. SEGMENT REPORTING

The Group's primary segment reporting format is business segments as the Group's risks and returns are affected predominantly by differences in the products and services produced. The Group's secondary segment is geographical.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Technegas segment is a supplier of diagnostic equipment and consumables used by physicians in the detection of pulmonary embolism.

The Molecular Imaging segment will produce radiopharmaceuticals to be used by physicians in the detection of cancer, neurological disorders and cardiac disease.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

Business segments

The tables under the heading business segments present revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2015 and 31 December 2014.

Geographical segments

The tables under the heading geographical segment present revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 31 December 2015 and 31 December 2014.

3. SEGMENT REPORTING (continued)

Business Segments

For the year ended 31 December 2015	Consolidated Technegas $	Consolidated Molecular Imaging $	Consolidated Total $
Revenue			
Sales to external customers	12,507,919	74,600	12,582,519
Finance revenue	46,158	52	46,210
Other revenue	-	2,104,689	2,104,689
Total revenue	**12,554,077**	**2,179,341**	**14,733,418**
Result			
Profit before tax and finance costs	**2,156,838**	**1,958,921**	**4,115,759**
Finance costs	(24,213)	(1,204)	(25,417)
Profit before income tax	**2,132,625**	**1,957,717**	**4,090,342**
Income tax (expense) / benefit	(428,002)	1,130,707	702,705
Profit after income tax	**1,704,623**	**3,088,424**	**4,793,047**
Assets and liabilities			
Segment assets	14,040,939	2,499,978	16,540,917
Segment asset increases for the period :			
- capital expenditure	26,097	-	26,097
Segment liabilities	(3,070,913)	(367,761)	(3,438,674)
Other segment information			
Depreciation and amortisation	(136,761)	(7,415)	(144,176)
Reversal of loss of associate	-	-	-

3. SEGMENT REPORTING (continued)

Business Segments

For the year ended 31 December 2014	Consolidated Technegas $	Consolidated Molecular Imaging $	Consolidated Total $
Revenue			
Sales to external customers	11,490,190	556,607	12,046,797
Finance revenue	20,295	215	20,510
Other revenue	-	2,894,920	2,894,920
Total revenue	**11,510,485**	**3,451,742**	**14,962,227**
Result			
Profit before tax and finance costs	**1,937,052**	**1,640,463**	**3,577,515**
Finance costs	(23,820)	(83,442)	(107,262)
Profit before income tax	**1,913,232**	**1,557,021**	**3,470,253**
Income tax benefit	468,854	126,456	595,310
Profit after income tax	**2,382,086**	**1,683,477**	**4,065,563**
Assets and liabilities			
Segment assets	10,277,130	684,187	10,961,317
Segment asset increases for the period :			
- capital expenditure	20,599	-	20,599
Segment liabilities	(2,937,067)	(268,090)	(3,205,157)
Other segment information			
Depreciation and amortisation	(223,401)	(42,561)	(265,962)
Equity accounted loss of associate	-	60,000	60,000

3. SEGMENT REPORTING (continued)

Geographical Segments

For the year ended 31 December 2015	Consolidated Asia Pacific $	Europe $	Canada $	Other $	Total $
Revenue					
Sales to external customers	2,544,362	7,811,516	2,061,950	164,691	12,582,519
Finance revenue	46,210	-	-	-	46,210
Other revenue	2,104,689	-	-	-	2,104,689
Total segment revenue	**4,695,261**	**7,811,516**	**2,061,950**	**164,691**	**14,733,418**
Assets					
Segment assets	11,538,026	4,130,569	872,322	-	16,540,917

For the year ended 31 December 2014	Consolidated Asia Pacific $	Europe $	Canada $	Other $	Total $
Revenue					
Sales to external customers	2,932,856	6,771,873	2,208,442	133,626	12,046,797
Finance revenue	20,510	-	-	-	20,510
Other revenue	2,650,000	244,920	-	-	2,894,920
Total segment revenue	**5,603,366**	**7,016,793**	**2,208,442**	**133,626**	**14,962,227**
Assets					
Segment assets	6,808,762	3,114,439	1,038,116	-	10,961,317

4. REVENUES AND EXPENSES

	Notes	Consolidated 2015 $	Consolidated 2014 $
Revenue			
Sales revenue		12,582,519	12,046,797
Finance revenue		46,210	20,510
Other Revenue			
Litigation settlement proceeds		-	2,650,000
CLSA deposit recognised		-	244,920
Insurance settlement		2,104,689	-
Total other revenue		2,104,689	2,894,920
Expenses			
a) Cost of materials and manufacturing			
Cost of materials and manufacturing		2,671,671	3,426,976
b) Finance costs			
Interest paid on loans from external parties		25,417	107,262
c) Depreciation and amortisation			
Depreciation of plant and equipment		109,041	209,277
Depreciation of leasehold improvements		728	737
Amortisation of intangibles		34,407	55,948
		144,176	265,962
d) Research & development expense			
FDA expenses		686,410	478,035
Research expenses		40,582	14,231
		726,992	492,266
e) Employee benefits expense			
Salaries and w ages		2,826,861	3,026,025
Defined contribution superannuation expense		252,150	265,549
Non-Executive Director fees		95,481	95,481
Share-based payments expense	22a	130,586	26,674
		3,305,078	3,413,729
f) Administration expense			
Legal and professional costs		1,000,331	1,220,314
Office and facility costs		493,711	532,372
Operating lease expenses	18a	194,749	327,150
Travel and motor vehicle costs		677,058	583,333
		2,365,849	2,663,169
g) Other expenses			
Realised Foreign exchange losses		158,785	11,275
Unrealised Foreign exchange gains		(28,191)	(8,045)
Other		481,514	401,981
		612,108	405,211

5. INCOME TAX

	Consolidated 2015 $	Consolidated 2014 $
The components of income tax benefit comprise:		
Current income tax expense	(126,460)	(80,017)
Deferred tax benefit	829,165	675,327
	702,705	**595,310**
A reconciliation of income tax benefit applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follow s:		
Accounting profit before income tax	**4,090,342**	**3,470,255**
Statutory income tax rate of 30%	(1,227,103)	(1,041,077)
Expenditure not allow able for income tax purposes	(78,388)	(9,236)
Effects of low er rates on overseas income	362,869	194,081
Non-assessable recovery	691,407	-
Underprovision of previous years	(238,520)	-
Tax losses brought to account in Australian group	-	423,665
Tax losses and temporary differences brought to account in overseas subsidiaries	19,536	60,239
Temporary differences recognised (reversed) in Australian group		
Molecular imaging plant and equipement	1,052,860	-
Other	(228,764)	675,327
Tax losses not recognised overseas	(18,828)	-
Research and development tax offset	367,636	292,311
Total income tax benefit	**702,705**	**595,310**
Effective income tax rate	17.2%	17.2%
Current income tax liability	**(475,428)**	**(208,486)**
Deferred tax assets		
Deferred tax assets from temporary differences on:		
Investments	1,130,608	**268,394**
Provisions and accruals	329,083	**375,274**
Other	39,732	**31,659**
Total deferred tax assets	**1,499,423**	**675,327**
Movements in deferred tax assets		
Opening balance	675,327	**-**
Deferred tax assets attributable to temporary differences brought to account	824,096	**675,327**
Closing balance	**1,499,423**	**675,327**
Deferred tax liabilities		
Deferred tax liabilities from temporary differences on:		
Provisions and accruals	7,814	12,883
Total deferred tax liabilities	**7,814**	**12,883**
Movements in deferred tax assets		
Opening balance	12,883	**17,223**
Reversal of temporary differences	(5,069)	**4,340**
Closing balance	**7,814**	**12,883**
Deferred tax assets for which no benefit has been recognised:		
- arising from temporary differences - at 30%	913,782	797,415
- arising from revenue tax losses - at 26.5%	27,983	130,577
- at 30%	-	-
- arising from capital tax losses - at 30%	23,657	23,657

6. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	2015	2014
	$	$
Net assets per share	0.22	0.14
Net tangible assets per share	0.20	0.12
	Number	Number
Number of ordinary shares for net assets per share	59,588,733	57,385,143
	2015	2014
	$	$
Net assets	13,102,243	7,756,160
Net tangible assets	11,790,524	7,049,276

The number of ordinary shares includes the effects of 2,203,590 Long Term Incentive Performance shares issued on 13 July 2015 (2014: 1,723,456 Long Term Incentive Performance shares issued on 1 September 2014 and 1,786,849 expired Long Term Incentive Performance shares cancelled on 25 November 2014) as set out in Note 16.

Earnings per share

	Consolidated	
	2015	2014
	cents	cents
Basic earnings per share for continuing operations	8.61	7.30
Basic earnings per share	8.61	7.30
Diluted earnings per share	8.35	7.08
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	55,698,356	55,661,687
Weighted average number of ordinary shares for diluted earnings per share	57,385,143	57,385,143
	2015	2014
	$	$
Earnings used to calculate basic earnings per share	4,793,047	4,065,563
Earnings used to calculate diluted earnings per share	4,793,047	4,065,563

The weighted average number of ordinary shares for basic earnings per share excludes the effects of 2,203,590 Long Term Incentive Performance shares issued on 13 July 2015 and the 1,723,456 Long Term Incentive Performance shares issued on 1 September 2014 set out in Note 16 as they are contingently returnable.

7. CASH AND CASH EQUIVALENTS

	Consolidated 2015 $	2014 $
Cash at bank and in hand	6,444,995	3,268,425
Total cash and cash equivalents	**6,444,995**	**3,268,425**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

The fair value of cash equivalents is $6,444,995 (2014: $3,268,425).

Reconciliation of Statement of Cash Flows	2015 $	2014 $
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	6,444,995	3,268,425
	6,444,995	**3,268,425**
(a) Reconciliation of net loss after tax to net cash flows from operations		
Net profit after tax	**4,793,047**	**4,065,563**
Adjustments for non-cash income and expense items:		
Depreciation	109,769	210,014
Amortisation	34,407	55,948
(Reversal) / Share of loss in investment in associate	-	(60,000)
Movement provision for employee benefits	135,091	(53,031)
Movement in foreign exchange	700,705	(9,486)
Movement in employee benefits reserve	130,586	26,674
Movement in other provisions	41,528	38,143
	5,945,133	**4,273,825**
Increase/decrease in assets and liabilities:		
(Increase) / decrease in receivables	(1,280,994)	450,551
Decrease in inventories	76,040	474,876
Decrease / (increase) in other receivables	91,970	(135,914)
Increase in deferred tax assets	(824,096)	(675,327)
Decrease in creditors	(115,092)	(358)
Increase in current tax liabilities	266,942	85,467
Decrease in deferred tax liabilities	(5,069)	(4,340)
Net cash flow from operating activities	**4,154,834**	**4,468,780**

8. TRADE AND OTHER RECEIVABLES

	Notes	Consolidated 2015 $	Consolidated 2014 $
Current			
Trade receivables, third parties		4,335,581	3,014,321
Provision for doubtful debts		(40,266)	-
Net Trade receivables, third parties	(i)	4,295,315	3,014,321
Other receivables	(ii)	125,190	254,672
Total Current trade and other receivables		**4,420,505**	**3,268,993**

Terms and conditions

Terms and conditions relating to the above financial instruments

(i) Trade receivables are non-interest bearing and generally on 30 and 60 day terms.

(ii) Other debtors are non-interest bearing and have repayment terms between 30 and 90 days.

(iii) Related party details are set out in the Note 19 Related party disclosures.

9. INVENTORIES

	Notes	Consolidated 2015 $	Consolidated 2014 $
Current			
Raw materials at cost		840,671	752,713
Finished goods at lower of cost or net realisable value		1,367,942	1,531,940
Total inventory		**2,208,613**	**2,284,653**

10. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2015 Consolidated	Leasehold Land and buildings $	Leasehold improvements $	Plant and equipment $	Leased Plant and Equipment $	Total $
1 January 2015					
at written down value	371,248	10,689	347,070	56	729,063
Additions / Transfers	1,341	(3,233)	27,989	-	26,097
Disposals / Transfers	-		(2,991)	-	(2,991)
Foreign exchange translation	-	-	(10,694)	-	(10,694)
Depreciation for the year	(9,396)	(728)	(99,589)	(56)	(109,769)
31 December 2015					
at written down value	**363,193**	**6,728**	**261,785**	**-**	**631,706**
1 January 2015					
Cost value	2,414,496	3,042,476	7,753,898	120,901	13,331,771
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	(8,860,163)
Accumulated depreciation	(161,288)	(422,875)	(3,037,537)	(120,845)	(3,742,545)
Net carrying amount	**371,248**	**10,689**	**347,070**	**56**	**729,063**
31 December 2015					
Cost value	2,415,837	3,039,243	7,758,964	120,901	13,334,945
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	(8,860,163)
Accumulated depreciation	(170,684)	(423,603)	(3,127,888)	(120,901)	(3,843,076)
Net carrying amount	**363,193**	**6,728**	**261,785**	**-**	**631,706**

* Impairment arising from the Group's decision to cease commercial production at its cyclotron facility at the end of April 2014. Subsequent extensive damage to the cyclotron caused by substantial water damage in June 2014 has delayed any decisions about the future use of the cyclotron until it is restored to its former operational status. Accordingly, the suspended cyclotron business is not considered to be a discontinued operation pending that decision and its outcome. The Group initially recognises and measures its Land and Buildings, Plant and Equipment and Leasehold Improvements at cost. The Group subsequently measures some of its Buildings, Plant and Equipment and its Leasehold Improvements at fair value on a non-recurring basis in accordance with AASB 136*: Impairment of Assets.* Refer Note 2 (y).

Leasehold land and buildings in Ireland are secured against the Fixed and Floating charge held by the Allied Irish Banks plc. as set out in Note 14 (b).

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended 31 December 2014 Consolidated	Land and buildings	Leasehold improvements $	Plant and equipment $	Leased Plant and Equipment $	Total $
1 January 2014					
at written down value	339,075	15,796	535,414	6,778	897,063
Additions / Transfers	41,692	(4,370)	(16,723)	-	20,599
Disposals / Transfers	-		(1,162)	-	(1,162)
Foreign exchange translation	-	-	22,577	-	22,577
Depreciation for the year	(9,519)	(737)	(193,036)	(6,722)	(210,014)
31 December 2014					
at written down value	**371,248**	**10,689**	**347,070**	**56**	**729,063**
1 January 2014					
Cost value	2,372,804	3,046,846	7,791,715	120,901	13,332,266
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	(8,860,163)
Accumulated depreciation	(151,769)	(422,138)	(2,887,010)	(114,123)	(3,575,040)
Net carrying amount	**339,075**	**15,796**	**535,414**	**6,778**	**897,063**
31 December 2014					
Cost value	2,414,496	3,042,476	7,753,898	120,901	13,331,771
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	(8,860,163)
Accumulated depreciation	(161,288)	(422,875)	(3,037,537)	(120,845)	(3,742,545)
Net carrying amount	**371,248**	**10,689**	**347,070**	**56**	**729,063**

* Impairment arising from the Group's decision to cease commercial production at its cyclotron facility at the end of April 2014. Subsequent extensive damage to the cyclotron caused by substantial water damage in June 2014 has delayed any decisions about the future use of the cyclotron until it is restored to its former operational status. Accordingly, the suspended cyclotron business is not considered to be a discontinued operation pending that decision and its outcome. The Group initially recognises and measures its Land and Buildings, Plant and Equipment and Leasehold Improvements at cost. The Group subsequently measures some of its Buildings, Plant and Equipment and its Leasehold Improvements at fair value on a non-recurring basis in accordance with AASB 136*: Impairment of Assets.* Refer Note 2 (y).

Leasehold land and buildings in Ireland are secured against the Fixed and Floating charge held by the Allied Irish Banks plc. as set out in Note 14 (b).

Fair Value Measurement

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into, as follows:

- Level 1: Measurements based on quoted prices in active markets for identical assets that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than the quoted prices included in Level 1, but that are observable for the asset, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

Cyclopharm's management considers that the inputs used for the fair value measurement are Level 2 inputs.

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques

AASB 13 requires the valuation technique used to be consistent with one of the following valuation approaches:

- Market approach: techniques that use prices and other information generated by market transactions for identical or similar assets.
- Income approach: techniques that convert future cash flows or income and expenses into a single discounted present value.
- Cost approach: techniques that reflect the current replacement cost of an asset at its current service capacity.

The Cyclopharm Board decided to cease commercial production at its Cyclotron facility at the end of April 2014 due to the impact on the Group's profits of the government-owned competition from PetNet, a subsidiary of Federal Government owned ANSTO. In making that decision, the Board valued the Cyclotron facility, comprised of buildings, leasehold improvements and plant and equipment at a fair value of nil, using the market approach and income approach techniques. The market technique predominantly used recent observable market data for similar new equipment in Australia, adjusted for loss in value caused by physical deterioration, functional obsolescence, economic obsolescence and the particular industry specific aspects affecting this highly specialised asset i.e. the government-owned competition which had rendered further participation in the molecular imaging industry uneconomic and its future use uncertain. The same industry specific factors were applied to the income approach technique. Both techniques resulted in a fair value of nil being recognised for the Cyclotron facility as at 31 December 2014. Cyclopharm considers that the same conditions still apply at 31 December 2015. Furthermore, the damage caused to the Cyclotron during the previous financial year has delayed any decisions about the future use of the Cyclotron until it is restored to its former functionality. Accordingly, Cyclopharm has concluded that as a result of this uncertainty, the fair value of the Cyclotron remains at nil as at 31 December 2015.

Inputs used in the market approach technique to measure Level 2 fair values were:

- current replacement cost of the property being appraised less the loss in value caused by physical deterioration, functional obsolescence and economic obsolescence, and industry specific factors set out above.
- historical cost and relevant market data and industry expertise,
- sales comparison for assets where available.

The assessments of the physical condition, functional obsolescence and economic obsolescence are considered Level 3 inputs.

Non-Recurring fair value measurements:

	Level 2 2015 $	Level 2 2014 $
Buildings	-	-
Plant and equipment	-	-
Leasehold improvements	-	-
Total non-financial assets recognised at fair value	-	-

The highest and best use of the assets in normal circumstances is the value in continued use, using the income approach technique. However, in the current unusual circumstances as set out above, the fair value using this approach is nil.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated 2015 $	Consolidated 2014 $
Associated companies	-	-

Name	Principal Activities	Principal place of business	Measurement Method	Ownership Interest 2015	Ownership Interest 2014
Macquarie Medical Imaging Pty Ltd	Imaging centre	Sydney, Australia	Equity method	20%	20%

Macquarie Medical Imaging Pty Ltd is a private entity that provides medical imaging facilities for Macquarie University Hospital. The Group's interest in the company represents a strategic investment which provides synergies towards the provision of a fully aligned and integrated diagnostic, therapeutic and research platform.

Macquarie Medical Imaging Pty Ltd	Notes	Consolidated 2015 $	Consolidated 2014 $
At 1 January		-	-
(Repayment made by) / Loan to associate	(a)	-	(60,000)
Reversal / (Share) of losses after income tax	(a)	-	60,000
At 31 December		-	-

Extract from the associate's statement of financial position:	Notes	Consolidated 2015 $	Consolidated 2014 $
Current Assets		1,890,859	1,913,081
Non-current Assets		11,043,652	12,957,666
Current Liabilities		(10,645,215)	(8,641,125)
Non-current Liabilities		(8,354,138)	(9,980,302)
Net assets		(6,064,842)	(3,750,680)
Share of associate's net assets	(b)	(1,212,968)	(750,136)

Extract from the associate's statement of comprehensive income:	Notes	Consolidated 2015 $	Consolidated 2014 $
Revenue		10,866,159	10,336,085
Net Loss	(b)	(2,196,830)	(1,902,943)

(a) During the previous year, Cyclopharm's wholly owned subsidiary Cyclopet Pty Ltd received $60,000 in respect of a 2013 loan made to Macquarie Medical Imaging Pty Ltd, an imaging joint venture at Macquarie University Hospital. Cyclopet Pty Ltd has a 20% (2014: 20%) interest in Macquarie Medical Imaging Pty Ltd. As the amount had not been expected to be repaid in the short term as at 31 December 2013, it was included as an interest in the associate and a share of the associate's losses has been recognised under the equity method of accounting. When the loan was subsequently repaid unexpectedly in the prior year, the share of associate's loss was reversed.

11. INVESTMENTS IN ASSOCIATE (continued)

(b) The share of the associate's loss not recognised during the year was $439,366 (2014: loss of $380,589) and the cumulative share of the associate's loss not recognised as at 31 December 2015 was $2,419,637 (31 December 2014: $1,980,270). The comparative amounts have been revised after the receipt of the audited financial report of the associate subsequent to the last financial report of the Group.

The share of loss of associate not recognised as at 31 December 2015 is extracted from the unaudited financial report of the associate, and it may be revised when that financial report has been audited.

The fair value of the Group's investment in Macquarie Medical Imaging Pty Ltd was $nil (2014: $nil).

Contingent liabilities

(i) Macquarie Medical Imaging Pty Ltd.'s ("MMI") financing facility provided by the Commonwealth Bank of Australia ("CBA") was refinanced in June 2015 by De Lage Landen Pty Limited ("DLL"), part of the Rabobank Group. DLL does not require corporate guarantees from MMI's shareholders. Previously, Cyclopharm Limited and CycloPet Pty Ltd had jointly guaranteed with other investors to provide security for the whole MMI financing facility provided by the CBA. Cyclopharm Group's liability was limited to the amount that Cyclopharm Limited and CycloPet Pty Ltd were obliged to fund under a Subscription Agreement being 20% of the gross liability amount. The consolidated entities' contingent obligation at balance date was $nil (2014: $1,972,551).

(ii) Pursuant to a Shareholders' Agreement, CycloPet Pty Limited (a wholly owned subsidiary of Cyclopharm Limited) has undertaken to provide a put option to a 50% shareholder of Macquarie Medical Imaging Pty Limited ("MMI") such that if this option was exercised, CycloPet would be required to purchase all Redeemable Preference Shares and Ordinary Shares held by the 50% joint venturer for the value of the Redeemable Preference Shares plus any accumulated interest plus $1 for the Ordinary Shares. The cost to CycloPet had the put option been issued and exercised at balance date is estimated not to exceed $1,614,724 (2014: $1,274,695). If the put option was issued and exercised, control of MMI would be transferred to the Group and MMI's financial statements would be consolidated from that date.

12. INTANGIBLE ASSETS

Consolidated	Intellectual Property $	Technegas Development $	Target $	Ultralute $	Total $
Balance at					
1 January 2015	91,198	41,582	27,419	546,685	706,884
Additions	6,533	141,682		491,027	639,242
Amortisation	(26,173)	(8,234)	-	-	(34,407)
Balance at					
31 December 2015	**71,558**	**175,030**	**27,419**	**1,037,712**	**1,311,719**
31 December 2015					
Non-Current	71,558	175,030	27,419	1,037,712	1,311,719
Total	**71,558**	**175,030**	**27,419**	**1,037,712**	**1,311,719**
31 December 2014					
Non-Current	91,198	41,582	27,419	546,685	706,884
Total	**91,198**	**41,582**	**27,419**	**546,685**	**706,884**

The recoverable amount of Technegas development and Ultralute costs have been assessed using a discounted cash flow methodology forecasting five years of pre-tax cash flows.

The following describes each key assumption on which management has based its value in use calculations:

(a) Five year pre-tax cash flow projections, based upon management approved budgets and growth rates covering a one year period, with the subsequent periods based upon management expectations of growth excluding the impact of possible future acquisitions, business improvement capital expenditure and restructuring.

(b) The discount factor used was 7.44% in 2015 (2014: 8.85%).

(c) The Directors have concluded that the recoverable amount of the Ultralute costs and other intangibles exceed their carrying value.

13. TRADE AND OTHER PAYABLES

	Notes	Consolidated 2015 $	2014 $
Trade payables, third parties	(i)	1,049,315	901,856
Other payables and accruals	(ii)	705,068	967,619
Total trade and other payables		**1,754,383**	**1,869,475**

Terms and conditions

Terms and conditions relating to the above financial instruments:

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

(ii) Other payables and accruals are non-interest bearing and have an average term of 4 months.

(iii) Related party details are set out in the Note 19 Related party disclosures.

14. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	2015	2014
	$	$
Current		
Bank loan - secured (b)	45,877	45,692
Interest bearing loans and borrowings (current)	**45,877**	**45,692**
Non-current		
Bank loan - secured (b)	151,499	200,039
Interest bearing loans and borrowings (non-current)	**151,499**	**200,039**
Total interest bearing loans and borrowings	**197,376**	**245,731**

(a) Financing facilities available:

At reporting date, the following financing facilities had been negotiated and were available:

		Consolidated	
		2015	2014
	Notes	$	$
Total facilities available:			
- secured bank loans, third party		197,376	245,731
		197,376	**245,731**
Facilities used at reporting date:			
- secured bank loans, third party	14	197,376	245,731
		197,376	**245,731**
Total facilities		197,376	245,731
Facilities used at reporting date:		(197,376)	(245,731)
Facilities unused at reporting date:		**-**	**-**

(b) Secured Bank Loans

Cyclopharm's wholly owned subsidiary, Cyclomedica Ireland Limited, has a flexible rate loan provided by the Allied Irish Banks, plc. with a repayment period of 7 years. The facility is secured by a registered Fixed and Floating Charge and First Registered Debenture over Cyclomedica Ireland Limited and a guarantee from Cyclomedica Europe Limited.

The Group has complied with all its banking covenants for the year ended 31 December 2015.

15. PROVISIONS

Consolidated	Consolidated Employee Entitlements $
Balance at 1 January 2015	**868,582**
Arising during the year	276,121
Utilised	(141,030)
Balance at 31 December 2015	**1,003,673**
31 December 2015	
Current	945,129
Non-Current	58,544
Total	**1,003,673**
Number of employees	
Number of employees at year end	32
31 December 2014	
Current	796,363
Non-Current	72,219
Total	**868,582**
Number of employees	
Number of employees at year end	33

16. CONTRIBUTED EQUITY

	Notes	Consolidated 2015 Number	2014 Number	2015 $	2014 $
Issued and paid up capital					
Ordinary shares	(a)	59,588,733	57,385,143	20,296,125	20,296,125
Other contributed equity	(b)	-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**59,588,733**	**57,385,143**	**14,962,967**	**14,962,967**
Ordinary shares					
(a) Issued and paid up capital					
Balance at the beginning of the period		57,385,143	57,448,536	20,296,125	20,296,395
Issue of Long Term Incentive Plan shares	(i)	2,203,590	1,723,456	-	-
Costs related to Issue of renounceable rights shares	(ii)	-	-	-	(270)
Cancellation of expired Long Term Incentive Plan shares	(iii)	-	(1,786,849)	-	-
Balance at end of period		**59,588,733**	**57,385,143**	**20,296,125**	**20,296,125**
(b) Other contributed equity					
Balance at the beginning and end of the period		**-**	**-**	**(5,333,158)**	**(5,333,158)**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(i) 2,203,590 Long Term Incentive Plan shares were issued on 13 July 2015 and 1,723,456 Long Term Incentive Plan shares were issued on 1 September 2014 as set out on Note 22.

(ii) These are costs related to a capital raising exercise completed on 14 December 2012 comprising a pro-rata renounceable entitlement offer to eligible shareholders of 1 share for every 4 shares held by eligible shareholders at an issue price of $0.18 per rights share resulting in the issue of 11,625,805 shares.

(iii) The Company cancelled 1,786,849 expired Long Term Incentive Plan shares on 25 November 2014.

16. CONTRIBUTED EQUITY (continued)

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns for shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management constantly assess the capital structure to take advantage of favourable costs of capital and/or high returns on assets. As the market in continually changing, management may issue dividends to shareholders, issue new shares, increase its short or long term borrowings or sell assets to reduce borrowings.

Management monitor capital through the gearing ratio (net debt/total capital). Management aim to ensure that the Group's gearing ratio does not exceed 45%. The Group has complied with all banking covenants for the year ended 31 December 2015.

		Consolidated	
		2015	2014
	Notes	$	$
Total interest bearing loans and borrowings		197,376	245,731
Less cash and cash equivalents	7	(6,444,995)	(3,268,425)
Net cash		**(6,247,619)**	**(3,022,694)**
Total equity		13,102,243	7,756,160
Gearing ratio		0.0%	0.0%

Dividends

The Directors declared a fully franked interim dividend of 0.5 cent per share and a fully franked final dividend of 0.5 cent per share in respect of the financial year ended 31 December 2015 (2014: nil). The final dividend of 0.5 cent per share has not been recognised in these consolidated financial statements as it was declared subsequent to 31 December 2015.

	Consolidated			
	2015	2014	2015	2014
	Cents per share	Cents per share	$	$
Fully paid ordinary shares				
Final dividend for the financial year				
- Fully franked at 30% corporate tax rate	0.5	-	278,309	-
Interim dividend for the financial year				
- Fully franked at 30% corporate tax rate	0.5	-	278,309	-
	1.0	**-**	**556,618**	**-**

17. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's principal financial instruments comprise receivables, payables, bank loans, cash and short-term deposits. The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis and monitoring of specified credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board review and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Management Committee under the authority from the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the Statement of Financial Position date.

At 31 December 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax profit would have been affected as follows:

	Consolidated	
	2015	**2014**
	$	**$**
Judgements of reasonably possible movements:		
Profit / (Loss) before income tax		
+1.0% (100 basis points)	62,476	30,227
-0.5% (50 basis points)	(31,238)	(15,113)

The movements in profit are due to possible higher or lower interest costs from variable rate debt and cash balances.

Notes

Continued

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

(a) Interest rate risk (continued)

Consolidated Year ended 31 December 2015		Weighted average interest rate %	Non interest bearing	Floating interest rate	Floating interest maturing in		Total
					1 year or less	1 to 5 years	
			$	$	$	$	$
FINANCIAL ASSETS							
Cash and cash equivalents	7	1.46%	-	6,444,995	-	-	6,444,995
Trade and other receivables	8	n/a	4,420,505	-	-	-	4,420,505
Total financial assets			**4,420,505**	**6,444,995**	**-**	**-**	**10,865,500**
FINANCIAL LIABILITIES							
Trade payables, third parties	13	n/a	1,754,383	-	-	-	1,754,383
Secured bank loans, third party	14	7.85%	-	-	45,877	151,499	197,376
Total financial liabilities			**1,754,383**	**-**	**45,877**	**151,499**	**1,951,759**
Net exposure			**2,666,122**	**6,444,995**	**(45,877)**	**(151,499)**	**8,913,741**

Consolidated Year ended 31 December 2014		Weighted average interest rate %	Non interest bearing	Floating interest rate	Floating interest maturing in		Total
					1 year or less	1 to 5 years	
			$	$	$	$	$
FINANCIAL ASSETS							
Cash and cash equivalents	7	2.47%	-	3,268,425	-	-	3,268,425
Trade and other receivables	8	n/a	3,268,993	-	-	-	3,268,993
Total financial assets			**3,268,993**	**3,268,425**	**-**	**-**	**6,537,418**
FINANCIAL LIABILITIES							
Trade payables, third parties	13	n/a	1,869,475	-	-	-	1,869,475
Secured bank loans, third party	14	7.85%	-	-	45,692	200,039	245,731
Total financial liabilities			**1,869,475**	**-**	**45,692**	**200,039**	**2,115,206**
Net exposure			**1,399,518**	**3,268,425**	**(45,692)**	**(200,039)**	**4,422,212**

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to scrutinise its trade and other receivables. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures such as reviewing their industry reputation, financial position and credit rating. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is constantly managed.

There are no significant unprovided concentrations of credit risk within the Group.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The Group's policy is to monitor the maturity of borrowings at all times. At 31 December 2015, 23% of the Group's debt will mature in less than one year (2014: 19%).

Refer to the table above with the heading 17 (a) Cash flow interest rate risk which reflects all contractually fixed pay-offs for settlement of financial liabilities and collection of financial assets. Trade payables and other financial liabilities generally originate from the financing of assets used in our ongoing operations such as investments in working capital e.g. inventories and trade receivables and investment in property, plant and equipment. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the board and management monitors the Group's expected settlement of financial assets and liabilities on an ongoing basis.

The Group monitors rolling forecast of liquidity reserves on the basis of expected cash flow. At balance date the Group has no unused credit facilities (2014: $nil).

Consolidated Year ended		**Less than 6 months**	**6 months to 1 year**	**1 year to 5 years**	**Greater than 5 years**	**Total**
31 December 2015	**Note**	**$**	**$**	**$**	**$**	**$**
Trade payables, third parties	13	1,754,383	-	-	-	1,754,383
Secured bank loans, third party	14	22,939	22,938	151,499	-	197,376
		1,777,322	22,938	151,499	-	1,951,759
31 December 2014						
Trade payables, third parties	13	1,869,475	-	-	-	1,869,475
Secured bank loans, third party	14	22,846	22,846	182,768	17,271	245,731
		1,892,321	22,846	182,768	17,271	2,115,206

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(d) Commodity price risk

The Group's exposure to commodity price risk is minimal.

(e) Foreign currency risk

As a result of significant investment operations in Europe, the Group's Statement of Financial Position can be affected significantly by movements in the EURO / A$ exchange rates. The Group does not hedge this exposure.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 76% (2014: 72%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst approximately 76% (2014: 67%) of costs are denominated in the unit's functional currency.

At 31 December 2015, the Group had the following financial instrument exposure to foreign currency fluctuations:

	Consolidated	
	2015	**2014**
	$	**$**
United States dollars		
Amounts payable	114,342	98,834
Amounts receivable	176,752	16,749
Euros		
Amounts payable	157,615	274,881
Amounts receivable	2,217,023	1,683,953
Canadian dollars		
Amounts payable	(137)	2,011
Amounts receivable	481,584	711,958
Japanese Yen		
Amounts payable	19,387	37,106
Amounts receivable	3,635	51,156
Chinese Renminbi		
Amounts payable	106,596	104,433
Amounts receivable	-	-
Net exposure	**(2,481,191)**	**(1,946,551)**

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Fair values

All of the Group's financial instruments recognised in the Statement of Financial Position have been assessed at their fair values.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk (continued)

Foreign currency sensitivity

Currency risk is measured using sensitivity analysis. A portion of Cyclopharm's receivables and payables are exposed to movements in the values of those currencies relative to the Australian dollar. Cyclopharm management have determined that it is not cost effective to hedge against foreign currency fluctuations.

Cyclopharm is exposed to European Euro (Euro), Canadian Dollar (CAD) and US Dollar (USD) movements. The following table details Cyclopharm's sensitivity to a 10% change in the Australian dollar against respective currencies with all other variables held constant as at reporting date for unhedged foreign exposure risk. A positive number indicates an increase in net profit/equity.

A sensitivity has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historic basis and market expectation for future movement.

	Consolidated	
	Increase in AUD of 10%	Decrease in AUD of 10%
	$	$
Euro		
31 December 2015		
Net loss	(187,219)	205,941
Equity (decrease) / increase	(187,219)	205,941
31 December 2014		
Net loss	(128,097)	140,907
Equity (decrease) / increase	(128,097)	140,907
CAD		
31 December 2015		
Net loss	(43,793)	48,172
Equity (decrease) / increase	(43,793)	48,172
31 December 2014		
Net loss	(64,541)	70,995
Equity (decrease) / increase	(64,541)	70,995

18. COMMITMENTS & CONTINGENCIES

(a) Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated	
	2015	**2014**
	$	**$**
Operating Lease Commitments		
Minimum lease payments		
Due not later than one year	305,825	416,482
Due later than 1 year & not later than 5 years	901,504	933,682
More than 5 years	623,130	553,224
Total operating lease commitments	**1,830,459**	**1,903,388**
Operating lease expenses recognised as an expense during the year	194,749	327,150

- Cyclomedica Australia Pty Ltd.'s ("CMAPL") commercial lease on office and manufacturing space within the Australian Nuclear Science and Technology Organisation's ("ANSTO") premises will expire on 28 February 2016. ANSTO has advised CMAPL that the lease will not be renewed upon expiry.
- Subsequent to the balance sheet date, CMAPL has entered into a commercial lease on office and manufacturing space for 5 years with renewal options included in the contract. There are no restrictions placed upon the lessee by entering into these leases.
- Cyclopet Pty Ltd has entered into a commercial lease for the PET Facility at Macquarie University Hospital. The lease has a term of 10 years and commenced upon commissioning of the Hospital in June 2010.
- The Group also has entered into commercial leases on motor vehicles that have an average life of approximately 3 to 4 years.

(b) Finance lease commitments

The Group has no finance lease commitments since the commercial lease on motor vehicles was fully repaid in December 2014.

18. COMMITMENTS & CONTINGENCIES (continued)

(c) Other commitments

		Consolidated	
		2015	2014
	Notes	$	$
The company has the following other commitments:			
Not later than one year		45,877	45,692
Due later than 1 year & not later than 5 years		151,499	182,768
More than 5 years		-	17,271
Total	(i)	**197,376**	**245,731**

(i) Cyclopharm's wholly owned subsidiary, Cyclomedica Ireland Limited, has a flexible rate loan provided by the Allied Irish Banks, plc. with a repayment period of 7 years. The facility is secured by a registered Fixed and Floating Charge and First Registered Debenture over Cyclomedica Ireland Limited and a guarantee from Cyclomedica Europe Limited.

(ii) The Group has complied with all its banking covenants for the year ended 31 December 2015.

(d) Capital commitments

There were no capital commitments as at the date of this report (2014: $nil).

(e) Contingent liabilities

(i) Macquarie Medical Imaging Pty Ltd.'s ("MMI") financing facility provided by the Commonwealth Bank of Australia ("CBA") was refinanced in June 2015 by De Lage Landen Pty Limited ("DLL"), part of the Rabobank Group. DLL does not require corporate guarantees from MMI's shareholders. Previously, Cyclopharm Limited and CycloPet Pty Ltd had jointly guaranteed with other investors to provide security for the whole MMI financing facility provided by the CBA. Cyclopharm Group's liability was limited to the amount that Cyclopharm Limited and CycloPet Pty Ltd were obliged to fund under a Subscription Agreement being 20% of the gross liability amount. The consolidated entities' contingent obligation at balance date was $nil (2014: $1,972,551).

(ii) Pursuant to a Shareholders' Agreement, CycloPet Pty Limited (a wholly owned subsidiary of Cyclopharm Limited) has undertaken to provide a put option to a 50% shareholder of Macquarie Medical Imaging Pty Limited ("MMI") such that if this option was exercised, Cyclopet would be required to purchase all Redeemable Preference Shares and Ordinary Shares held by the 50% joint venturer for the value of the Redeemable Preference Shares plus any accumulated interest plus $1 for the Ordinary Shares. The cost to CycloPet had the put option been issued and exercised at balance date is estimated not to exceed $1,614,724 (2014: $1,274,695). If the put option was issued and exercised, control of MMI would be transferred to the Group and MMI's financial statements would be consolidated from that date.

19. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Cyclopharm and its subsidiaries as stated below.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to Note 8 Trade and other receivables, Note 13 Trade and other payables and Note 14 Interest bearing loans and borrowings):

CONSOLIDATED		Sales to related parties $	Purchases from related parties $	Repayment from / (loan to) related parties $	Amounts owed by related parties $	Provision for doubtful debts on Amounts owed by related parties $
Pilmora Pty Ltd	*2015*	-	31,827	-	-	-
	2014	-	31,827	-	-	-
Macquarie Medical Imaging	*2015*	-	-	-	230,782	230,782
	2014	34,675	-	60,000	230,782	230,782

Ultimate parent entity

Cyclopharm Limited is the ultimate parent entity in the wholly owned group.

Terms and conditions of transactions with related parties

- During the year, payments of $31,827 (2014: $31,827) were made to Pilmora Pty Ltd (an entity controlled by Mr. Townsing). All payments related to Mr. Townsing's role as a non-executive director.
- Cyclopet Pty Ltd, a wholly owned subsidiary of Cyclopharm has a 20% interest in Macquarie Medical Imaging. Prior to ceasing commercial operations at the end of April 2014, Cyclopet manufactured products that were sold to Macquarie Medical Imaging. Cyclopet Pty Ltd received a repayment of $60,000 during the previous year which it had loaned to Macquarie Medical Imaging in 2013. A share of the associate's losses had been recognised under the equity method in 2013 as it was not expected to be repaid in the short term. The share of the associate's losses has been reversed during the previous year in view of the amount received. As the loan amount and trade debtor balance of $230,782 (2014: $230,782) are not expected to be repaid in the short term, they are included as an interest in the associate and a share of the associate's losses has been recognised under the equity method as disclosed in Note 11.

19. RELATED PARTY DISCLOSURES (continued)

Controlled Entities

Name	Note	Country of Incorporation	Percentage of equity interest held 2015	2014
Cyclopharm Limited	1,2	Australia		
Controlled entities				
CycloPET Pty Ltd	2	Australia	100%	100%
Cyclomedica Australia Pty Limited	2	Australia	100%	100%
Cyclomedica Ireland Limited	3	Ireland	100%	100%
Cyclomedica Europe Limited	3	Ireland	100%	100%
Cyclomedica Germany GmbH	5	Germany	100%	100%
Cyclomedica Canada Limited	4	Canada	100%	100%
Allrad No 28. Pty Ltd	2	Australia	100%	100%
Allrad No 29. Pty Ltd	2	Australia	100%	100%

Notes

1. Cyclopharm Limited is the ultimate parent entity in the wholly owned group.
2. Audited by Russell Bedford NSW, Australia.
3. Audited by Moore Stephens Nathans, Republic of Ireland.
4. Audited by Schwartz Levitsky & Feldman LLP, Toronto, Canada.
5. Audited by Bilzanzia GmbH Wirtschaftsprufungsgesellschaft, Germany

20. EVENTS AFTER THE BALANCE DATE

FINAL DIVIDEND

On 24 February 2016, the Directors declared a final fully franked dividend of 0.5 cent per share in respect of the financial year ended 31 December 2015, payable on 19 April 2016.

OPERATING LEASE

On 21 January 2016, CMAPL entered into a commercial lease on office and manufacturing space for 5 years with renewal options included in the contract.

Other than the above, no matters or circumstances have arisen since the end of the financial year, not otherwise dealt with in the financial report, which significantly affected or may significantly affect the operations of the Group, financial position or the state of affairs of the Group in future financial periods.

21. AUDITORS' REMUNERATION

The following total remuneration was received, or is due and receivable, by auditors of the Company in respect of:

	Consolidated 2015 $	2014 $
Amounts received or due and receivable by Russell Bedford NSW and associated entities for:		
Audit and review of the financial statements	119,298	97,953
Other services:		
- tax compliance	15,000	7,689
- share registry	20,662	11,727
	154,960	**117,369**
Amounts received or due and receivable by auditors other than Russell Bedford NSW for:		
Audit of the financial statements	86,779	75,175
Other services	12,429	11,318
	99,208	**86,493**

22. SHARE BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for employee services received in relation to share based payments during the year is shown in the table below:

	Consolidated 2015 $	2014 $
Expense arising from equity-settled share-based payment transactions (note 4)	130,586	26,674

The share based payment reserve to 31 December 2015 was $495,845 (2014: $365,259).

22. SHARE BASED PAYMENT PLANS (continued)

(b) Type of share based payment plans

The share-based payment plan is described below. There have not been any modifications to the Long Term Incentive Plan ("Plan") following its approval by members at the Annual General Meeting held on 8 May 2007.

Shares

Long Term Incentive Plan ("Plan") Shares ("Shares") are granted to certain executive Directors and certain employees.

In valuing transactions settled by way of issue of shares, performance conditions and market conditions linked to the price of the shares of Cyclopharm Limited are taken into account. All shares issued have market performance conditions so as to align shareholder return and reward for the Company's selected management and staff ("Participants").

The Shares vest upon the satisfaction of certain performance conditions ("Hurdles") within the term ("Term") specified for Participants in the Plan. The Board has residual discretion to accelerate vesting (i.e. Reduce or waive the Hurdles) and exercise of Shares in the event of a takeover or merger or any other circumstance in accordance with the terms of the Plan.

Shares in relation to which Hurdles have not been satisfied (i.e. that do not vest) will lapse and will not be able to be exercised, except in the circumstances described below. Shares which have not vested will lapse where a Participant ceases employment with Cyclopharm other than on retirement, redundancy, death or total and permanent disablement or unless as otherwise determined by the Board in its absolute discretion.

Where a Participant has ceased employment with Cyclopharm as a result of resignation, retirement, redundancy, death or total and permanent disablement prior to the end of a performance period, only shares that have vested may be retained by the Participant on a pro-rata basis. If an option holder ceases employment for any reasons mentioned above prior to the first anniversary of the grant date, the Participant forfeits all entitlement to Shares.

LTIP Shares issued

At the Annual General Meeting held on 8 May 2007, Shareholders approved the Company's Plan.

Options

AASB 2 Share Based Payments requires that the benefit to an employee arising from an employee share scheme such as the Cyclopharm Long Term Incentive Plan be treated as an expense in which the benefit is gained. No benefit to the employee arises from the Plan Shares as a corresponding loan applies to the issued Shares (although not required to be accounted for in the Financial Statements) instead the employee benefit is deemed to be the implied option ("Implied Option") arising from the Plan.

The International Financial Reporting Council have determined that where employee shares are issued under a non-recourse loan payment plan, the loan assets and the increment to share capital should not be recognised at grant date but rather, the transactions be treated as share options. Consequently the value of the discount which has been determined using a binomial pricing model will be charged to the Statement of Comprehensive Income over the vesting period. Other increments to share capital will be recognized as the share loans are settled by the relevant employees.

22. SHARE BASED PAYMENT PLANS (continued)

(c) Summary of shares granted

The following table illustrates the number of movements in share options during the current year:

	Consolidated 2015 Number	Consolidated 2014 Number	Weighted Average Exercise Price 2015 $	Weighted Average Exercise Price 2014 $
Balance at the beginning of the year	1,723,456	1,786,849	0.24	0.46
Granted during the year	2,203,590	1,723,456	0.90	0.24
Exercised during the year	(1,723,456)	-	0.24	-
Lapsed during the year	-	(1,786,849)	-	-
Balance at the end of the year	**2,203,590**	**1,723,456**	**0.90**	**0.24**

(d) Option pricing models

The following assumptions were used to derive a value for the Implied Options granted using the Black Scholes Option model as at the grant date, taking into account the terms and conditions upon which the Shares were granted:

Exercise price per Implied Option	$0.90
Number of recipients	12
Number of Implied Options	2,203,590
Grant Date	13/07/2015
Dividend yield	-
Expected annual volatility	43%
Risk-free interest rate	9.00%
Expected life of Implied Option (years)	2 years
Fair value per Implied Option	$0.082
Share price at grant date	$0.57
Model used	Black Scholes

Expected volatility percentages used for the Option pricing calculations were determined using historic data over 24 months and were adjusted to reflect comparable companies in terms of industry and market capitalisation. The Implied Options arising from the Plan are not listed and as such do not have a market value.

23. PARENT ENTITY DISCLOSURE

	2015	2014
	$	$
(i) **Financial Position**		
Assets		
Current Assets	4,997,377	2,680,295
Non-current Assets	7,667,033	7,424,266
Total Assets	**12,664,410**	**10,104,561**
Liabilities		
Current Liabilities	-	58,221
Non-current Liabilities	6,092,680	5,023,050
Total Liabilities	**6,092,680**	**5,081,271**
Net assets	**6,571,730**	**5,023,290**
Equity		
Contributed equity	15,163,497	15,163,497
Employee equity benefits reserve	495,845	365,259
Accumulated Losses	(9,087,612)	(10,505,466)
Total Equity	**6,571,730**	**5,023,290**
(ii) **Financial Performance**		
Profit for the year	1,696,162	2,052,535
Other comprehensive income	-	-
Total Profit for the year	**1,696,162**	**2,052,535**

Contingent liabilities

Macquarie Medical Imaging Pty Ltd.'s ("MMI") financing facility provided by the Commonwealth Bank of Australia ("CBA") was refinanced in June 2015 by De Lage Landen Pty Limited ("DLL"), part of the Rabobank Group. DLL does not require corporate guarantees from MMI's shareholders. Previously, Cyclopharm Limited and CycloPet Pty Ltd had jointly guaranteed with other investors to provide security for the whole MMI financing facility provided by the CBA. Cyclopharm Group's liability was limited to the amount that Cyclopharm Limited and CycloPet Pty Ltd were obliged to fund under a Subscription Agreement being 20% of the gross liability amount. The consolidated entities' contingent obligation at balance date was $nil (2014: $1,972,551).

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