Cyclopharm Limited
Appendix 4E

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Nuclear Medicine

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 2009	31 December 2008

2. Results for announcement to the market

2.1 Revenues from ordinary activates	up	1.9%	to	11,098,579
2.2 Profit from ordinary activities after tax attributable to members	up	19.9%	to	2,044,490
2.3 Net profit for the period attributable to members	up	19.9%	to	2,044,490

2.4 Dividends	Amount per security	Franked amount per security
Final dividend proposed	Not applicable	Not applicable
Interim dividend	Not applicable	Not applicable

2.5 Record date for determining entitlements for the final dividend	Not applicable

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

Refer Attachment 1.

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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. Dividends

Not applicable

7. Dividend reinvestment plans

Not applicable

8. Statement of retained earnings

Refer Attachment 1.

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.

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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

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 William Richardson
Company Secretary
Cyclopharm Limited

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Email: wrichardson@cyclopharm.com.au

Appendix 4E

Preliminary Final Report

For the year ended 31 December 2009

cyclopharm

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

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Appendix 4E Commentary

Full Year Results of
Cyclopharm Limited and its Controlled Entities ("Company")
For the 12 months ended 31 December 2009

Features

It is with pleasure that I provide you with the overview of Cyclopharm Limited's ("Cyclopharm") performance for 2009. This past year will prove to be a significant year in your company's history as our foundations are now well established to position Cyclopharm towards becoming Australia's leading nuclear medicine company. During the year we continued to develop our first PET facility at Macquarie University Hospital. We furthered our progress towards Technegas approval into the United States market and we diversified our offering by expanding into the provision of clinical medical imaging.

The combined sales of the Company's key products TechnegasPlus generators ("Generators") and Patient Administration Sets ("PAS"), increased from $10.88m to $11.09m or 2%, a modest increase but favourable given the global molybdenum shortage which dampened demand for all nuclear medicine products. Molybdenum is used to make Technetium^{99} which is an essential component of Technegas.

Pleasingly, the Company generated a record profit after tax of $2,044,490 (2008: $1,705,260). The result included certain non-recurring revenues and costs relating to a case against Clinquest Inc. Clinquest Inc was engaged as the Company's adviser, to obtain approval to sell Technegas in the United States from 2000 to 2007. The parties settled their arbitration in December 2009 with a favourable US$1.80m outcome for Cyclopharm. After accounting for legal and other costs and impairment write-downs of $0.80m and $0.69m respectively, Cyclopharm recorded a net gain before tax of $0.52m. Although the compensation seems disproportionate to the costs expended and time forgone, your Directors are pleased that this disappointing saga in the Company's history is over.

The Molecular Imaging business did not contribute revenue during 2009. Equipment costs of $2.77m were capitalised during the year.

The Directors are encouraged by the strong underlying performance of the Company's businesses in 2009 and the progress made in delivering on our business plan for future growth.

Operating review

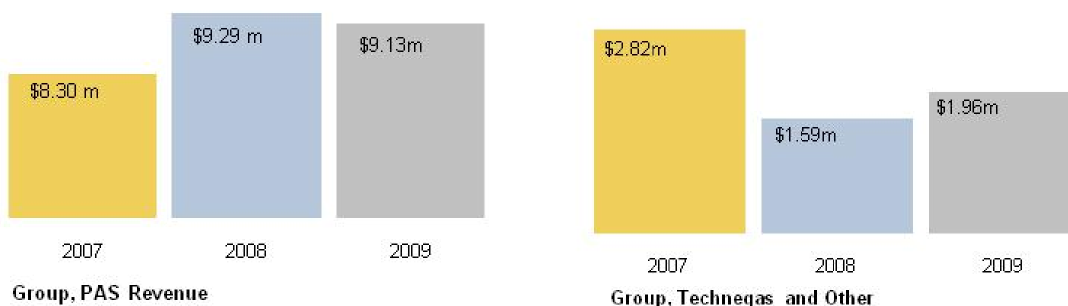
Technegas

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 20 years, over 2,400,000 patients have benefited from the Technegas system. Your directors are pleased with the level of sales given the two major challenges faced in 2009. Firstly, we continued to experience growing competition from Computed Tomography Pulmonary Angiogram ("CTPA") and secondly, a global molybdenum shortage dampened demand for all nuclear medicine products. Molybdenum is used to make Technetium^{99} which is an essential component of Technegas. In spite of these hurdles Technegas has demonstrated its resilience and has once again produced strong sales and cash flows.

Revenue Composition

Overall sales revenue of $11.09 million from the Company's key products, Generators and PAS were comparable with the preceding year (2008: $10.88 million). PAS or consumable revenue declined 2% to $9.13 million (163,250 units) for the current period compared to that of the previous year (2008: $9.29 million or 167,650 units). Sales margins were consistent with the prior year.

We recorded 57 Generator sales in 2009, an improvement on the prior year (2008: 44). Sales were consistent across regions. Sales margins improved as the mix of generators shifted to favour more TechnegasPlus generators (which yield higher margins) over refurbished Technegas Classic machines.



Regional Review (continued)

Europe

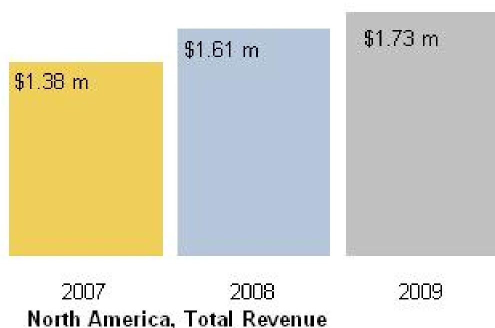
Sales revenue decreased 2% on the same time last year despite higher Generator sales. 24 Generators were sold in 2009 compared with 22 in the prior year. Revenues from PAS sales were 5% lower than 2008 due to a 9% decrease in volumes offset by a 4% increase in the average PAS price. Our strategy to focus on higher margin PAS sales was successful and resulted in satisfactory profit margins.

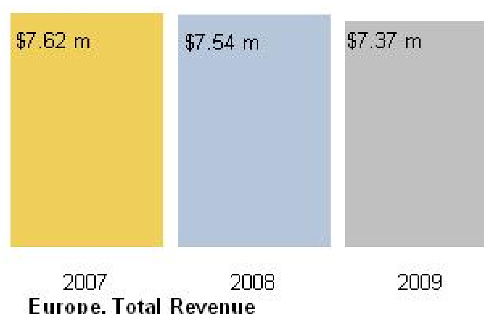
North America

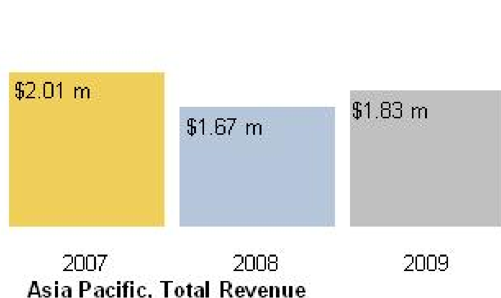
North America continued to grow its market share with total revenues from Technegas related products increasing by 7%. Generator revenues were 20% higher than 2008 while PAS revenues experienced a more modest growth of 4%. We have been pleased with the success of Technegas in Canada as this is the 6th year of consecutive growth in PAS unit sales. Canada is now Technegas's third largest market and a strong indicator for anticipated take up rates in the US, should approval to sell Technegas be obtained from the FDA.

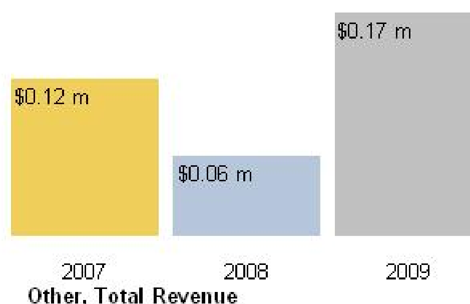
Asia Pacific

Revenues in the Asia Pacific region were 10% higher than 2008. In Australia, where Technegas enjoys a very high market share total revenues grew by 11%. In Asia, the contribution of 5 generator sales (2008: 1) drove the increase in revenues of 64% over the prior year. We expect Australia to maintain its market share in spite of growing competition from CTPA and for future sales growth to occur in markets such as South Korea, Japan and China.









Molecular Imaging

In the Company's listing Prospectus the strategy to establish a new revenue stream for the Company, in the form of the Molecular Imaging division was outlined. The premise for the new division was the growth in the incidence of Australians affected by cancer (1 in 3 males and 1 in 4 females before the age of 75) and the impact PET (Positron Emission Tomography) imaging was having in Europe and the United States on cancer sufferers. PET is clinically proven to better identify the location and extent of certain active cancer cells in the body and to assist physicians to refine the course of resection or therapy. The Directors' maintain their vision to establish PET Facilities in major Australian capital cities which will supply PET radiopharmaceuticals to hospitals for use in PET scans.

Our first Molecular Imaging facility will be based at Macquarie University Hospital (MUH). MUH's 183 bed facility supporting 12 operating theatres is designed to be a clinical centre of excellence in oncology and neurology. It will be Australia's first privately owned, campus-based university hospital and will combine academic medicine with group practice. As Australia's newest university hospital, MUH will support the advancement of future surgeons and leaders of the medical profession.

Adjacent to the hospital is the Macquarie University Clinic. The clinic building will house 18 specialist departments servicing over 100 specialists. Also located in the clinic building is the Australian School of Advanced Medicine. The school has brought together a group of world class clinicians, surgeons, researchers and medical educators to create innovative training programs unique to Australia.

The Company's PET Facility at MUH is the most technologically advanced cyclotron facility in Australia. The facility is scheduled to be commissioned during the first quarter of 2010 with the first commercial radioisotopes scheduled for production in the second quarter of 2010. PET radiopharmaceuticals will be supplied on-site to Macquarie Medical Imaging and other hospitals predominately located in New South Wales. Other revenue streams generated from the PET radiopharmaceutical production facility include opportunities for Phase III clinical trials and pharmaceutical drug development.

Macquarie Medical Imaging

Expanding from our strategic base at MUH, your Company formed a joint venture with Alfred Health Solutions to provide all imaging services on-site at the hospital. The new venture named Macquarie Medical Imaging ("MMI") represents a rare strategic opportunity to provide a fully aligned and integrated diagnostic, therapeutic and research platform. The new venture will offer a range of diagnostic radiology, interventional radiology, nuclear medicine and molecular imaging services for inpatient and outpatients.

The combination of state of the art imaging equipment, a GE cyclotron located on the grounds of MUH, leading surgeons, clinicians and academics will ensure that MMI will become the leading centre of imaging excellence. MMI is expected to be operational in the first half of 2010.

New Drug Application to sell Technegas in the USA

Over half of the world's nuclear medicine departments are located in the United States. Although, not all nuclear medicine departments perform lung imaging, the significance of this market for Technegas is undeniable. It has been a strategy of the Company to obtain approval to sell Technegas for over 10 years.

During the year, Cyclopharm settled its arbitration with Clinquest Inc, the Company's previous advisor engaged to gain access to sell Technegas in the US market from 2000 to 2007.

Certus International (Certus), were engaged to take over the role as the Company's adviser in 2008. In December 2008, we submitted a New Drug Application ("NDA") to the United States Food and Drug Administration ("FDA"). Based on the FDA's feedback, Certus have developed and submitted a Special Protocol Assessment ("SPA") to the FDA which includes the requirement to conduct a Phase III clinical trial. A response has been received from the agency requiring modifications to our protocol design. The Agency provided several recommendations and comments that will assist us toward developing a protocol that will ensure success. The US remains the largest untapped market for Technegas and your Directors will continue to sensibly pursue entry into this market.

OUTLOOK

In 2010, your Directors expect growth in Technegas revenues to result from targeted marketing campaigns in Japan, Russia and South America. We forecast a change in the mix of Technegas products. We anticipate more generators (lower margins) relative to PAS box sales and therefore lower profit margins. Your directors expect revenues from PET Facility at MUH to ramp up throughout the year following commencement in the second quarter of 2010. We expect operating costs to be lower than 2009 due to the absence of one-off legal costs but expect additional expenses for items such as rent and labour relating to the Molecular Imaging division. Depreciation and finance costs are also expected to be higher following commissioning of the Molecular Imaging division. The Director’s maintain their view that the PET facility is a major investment that will yield significant long term returns for the Company but recognise that the interim working capital shortfall will require funding from the Technegas business.

Although negotiations continue, we expect to make an investment into MMI during the year to part-fund the working capital requirements of the business during its preliminary stages. Our estimates indicate the venture will generate a substantial return on investment in subsequent years.

The investments we have made over the past years are now beginning to bear fruit. I believe that 2010 is destined to be an exciting year for the Company and I look forward to sharing with you the milestones we will achieve this year as we move closer to becoming Australia’s leading nuclear medicine company.

James McBrayer
Managing Director

Statement of Comprehensive Income

for the year ended 31 December 2009

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	$	$	$	$
CONTINUING OPERATIONS					
Sales revenue	4	11,098,579	10,888,269	-	-
Finance revenue		93,186	49,377	70,901	14,589
Other revenue	4	2,403,090	52,852	2,805,215	524,320
Total revenue		**13,594,855**	**10,990,498**	**2,876,116**	538,909
Cost of materials and manufacturing	4a	(2,546,484)	(2,531,571)	-	-
Employee benefits expense	4e	(3,537,984)	(3,267,330)	(254,507)	(358,102)
Advertising and promotion expense		(271,165)	(208,304)	-	-
Depreciation and amortisation expense	4c	(450,229)	(331,184)	-	-
Freight and duty expense		(384,682)	(443,921)	-	-
Research and development expense	4d	(39,728)	(35,989)	-	-
Administration expense	4f	(3,566,950)	(1,843,893)	(1,080,326)	(448,738)
Other expenses		(92,629)	(177,871)	-	(148,918)
Profit / (loss) before tax and finance costs		**2,705,004**	**2,150,435**	**1,541,283**	**(416,849)**
Finance costs	4b	(137,503)	(253,961)	(125,028)	(237,584)
Profit / (loss) before income tax		**2,567,501**	**1,896,474**	**1,416,255**	**(654,433)**
Income tax (expense) / credit	5	(523,011)	(191,214)	(447,451)	175,243
Net profit / (loss) attributable to members of the parent		**2,044,490**	**1,705,260**	**968,804**	**(479,190)**
Other comprehensive income after income tax					
Exchange differences on translating foreign controlled entities		(1,363,434)	860,234	-	-
Total comprehensive income for the year		**681,056**	**2,565,494**	**968,804**	**(479,190)**
Earnings per share (cents per share)	6	**cents**	**cents**		
-basic earnings per share for continuing operations		1.20	1.20		
-basic earnings per share		1.20	1.20		
-diluted earnings per share		1.20	1.20		

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 2009

cyclopharm Nuclear Medicine

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	$	$	$	$
Assets					
Current Assets					
Cash and cash equivalents	7	4,612,205	4,206,271	2,886,619	2,669,372
Trade and other receivables	8	4,281,369	4,727,077	207,773	1,094,318
Inventories	9	3,242,992	2,855,366	-	-
Other assets		33,227	654,869	-	-
Total Current Assets		**12,169,793**	**12,443,583**	**3,094,392**	**3,763,690**
Non-current Assets					
Trade and other receivables	8	-	-	5,794,748	3,746,699
Property, plant and equipment	10	5,052,951	2,725,834	-	-
Investments in subsidiaries	11	-	-	6,122,017	6,122,017
Intangible assets	12	2,421,667	2,793,853	-	-
Deferred tax assets	5	-	-	158,409	618,330
Total Non-current Assets		**7,474,618**	**5,519,687**	**12,075,174**	**10,487,046**
Total Assets		**19,644,411**	**17,963,270**	**15,169,566**	**14,250,736**
Liabilities					
Current Liabilities					
Trade and other payables	13	1,900,153	1,561,023	66,480	79,357
Interest bearing loans and borrow ings	14	1,757,350	-	1,757,350	-
Provisions	15	498,283	371,534	47,000	53,500
Tax liabilities	5	174,039	5,071	-	-
Total Current Liabilities		**4,329,825**	**1,937,628**	**1,870,830**	**132,857**
Non-current Liabilities					
Interest bearing loans and borrow ings	14	975,900	2,733,250	975,900	2,733,250
Provisions	15	42,741	31,359	-	-
Deferred tax liabilities	5	367,304	50,232	716,976	821,856
Total Non-current Liabilities		**1,385,945**	**2,814,841**	**1,692,876**	**3,555,106**
Total Liabilities		**5,715,770**	**4,752,469**	**3,563,706**	**3,687,963**
Net Assets		**13,928,641**	**13,210,801**	**11,605,860**	**10,562,773**
Equity					
Contributed equity	16	11,088,908	11,126,408	11,289,438	11,289,438
Employee equity benefits reserve	23	217,972	143,689	217,972	143,689
Foreign currency translation reserve		(834,454)	528,980	-	-
Retained Profits / (Accumulated losses)		3,456,215	1,411,724	98,450	(870,354)
Total Equity		**13,928,641**	**13,210,801**	**11,605,860**	**10,562,773**

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 2009

cyclopharm
Nuclear Medicine

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Operating activities					
Receipts from customers		14,569,018	9,720,857	2,805,215	-
Payments to suppliers and employees		(10,641,452)	(8,030,245)	(467,665)	(2,103,720)
Interest received		93,186	49,377	70,901	14,589
Borrowing costs paid		(137,503)	(253,961)	(125,028)	(237,585)
Income tax paid		(192,216)	-	-	-
Net cash flows from / (used) operating activities	7	**3,691,033**	**1,486,028**	**2,283,423**	**(2,326,716)**
Investing activities					
Acquisition of minority interest in subsidiaries		-	-	-	(37,501)
Purchase of property, plant and equipment		(2,732,029)	(2,043,060)	-	-
Payments for deferred expenditure		(364,836)	(783,126)	-	-
Net cash flows used in investing activities		**(3,096,865)**	**(2,826,186)**	**-**	**(37,501)**
Financing activities					
Proceeds from issue of shares		-	3,180,000	-	3,180,000
Costs of raising capital		-	(153,820)	-	(153,820)
Proceeds from borrowings		-	1,221,750	-	1,221,750
Loans to / (repaid) related entities		-	-	(2,066,176)	299,050
Net cash flows from financing activities		**-**	**4,247,930**	**(2,066,176)**	**4,546,980**
Net increase / (decrease) in cash and cash equivalents		**594,168**	**2,907,772**	**217,247**	**2,182,763**
Cash and cash equivalents					
- at beginning of the period		**4,206,271**	**1,204,543**	**2,669,372**	**486,609**
- net foreign exchange differences from translation of cash and cash equivalents		(188,234)	93,956	**-**	**-**
- at end of the period	7	**4,612,205**	**4,206,271**	**2,886,619**	**2,669,372**

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 2009

CONSOLIDATED	Share capital $	Other Contributed Equity $	Total Contributed Equity $	Accumulated Profits $	Foreign Currency Translation Reserve $	Employee Equity Benefits Reserve $	Attributable to Equity Holders of the Parent $	Total $
Balance at 1 January 2008	**13,349,740**	**(5,295,657)**	**8,054,083**	**(293,448)**	**(331,254)**	**73,666**	**7,503,047**	**7,503,047**
Cost of share based payments	-	-	-	-	-	70,023	70,023	70,023
Other comprehensive income	-	-	-	-	860,234	-	860,234	860,234
Total income (expense) for the year recognised directly in equity	-	-	-	-	860,234	70,023	930,257	930,257
Profit for the year	-	-	-	1,705,260	-	-	1,705,260	1,705,260
Total income (expense) for the year	**-**	**-**	**-**	**1,705,260**	**860,234**	**70,023**	**2,635,517**	**2,635,517**
Issue of share capital	3,180,000	-	3,180,000	-	-	-	3,180,000	3,180,000
Capital raising costs	(107,674)	-	(107,674)	-	-	-	(107,674)	(107,674)
Other	-	-	-	(87)	-	-	(87)	(87)
Balance at 31 December 2008	**16,422,066**	**(5,295,657)**	**11,126,409**	**1,411,725**	**528,980**	- **143,689**	**13,210,803**	**13,210,803**
Balance at 1 January 2009	**16,422,066**	**(5,295,657)**	**11,126,409**	**1,411,725**	**528,980**	**143,689**	**13,210,803**	**13,210,803**
Cost of share based payments	-	-	-	-	-	74,283	74,283	74,283
Other comprehensive income	-	-	-	-	(1,363,434)	-	(1,363,434)	(1,363,434)
Total income (expense) for the year recognised directly in equity	-	-	-	-	(1,363,434)	74,283	(1,289,151)	(1,289,151)
Profit for the year	-	-	-	2,044,490	-	-	2,044,490	2,044,490
Total income (expense) for the year	**-**	**-**	**-**	**2,044,490**	**(1,363,434)**	**74,283**	**755,339**	**755,339**
Other	-	(37,501)	(37,501)	-	-	-	(37,501)	(37,501)
Balance at 31 December 2009	**16,422,066**	**(5,333,158)**	**11,088,908**	**3,456,215**	**(834,454)**	**217,972**	**13,928,642**	**13,928,642**

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

Statement of Changes in Equity

for the year ended 31 December 2009

PARENT	Share capital $	Accumulated Losses $	Attributable to Equity Holders of the Parent $	Employee Equity Benefits Reserve $	Total $
Balance at 1 January 2008	**8,217,112**	**(391,164)**	**7,825,948**	**73,666**	**7,899,614**
Cost of share base payment	-	-	-	70,023	70,023
Loss for the year	-	(479,190)	(479,190)	-	(479,190)
Issue of share capital	3,180,000	-	3,180,000	-	3,180,000
Capital raising costs	(107,674)	-	(107,674)	-	(107,674)
Balance at 31 December 2008	**11,289,438**	**(870,354)**	**10,419,084**	**143,689**	**10,562,773**
Balance at 1 January 2009	**11,289,438**	**(870,354)**	**10,419,084**	**143,689**	**10,562,773**
Cost of share base payment	-	-	-	74,283	74,283
Profit for the year	-	968,804	968,804	-	968,804
Balance at 31 December 2009	**11,289,438**	**98,450**	**11,387,888**	**217,972**	**11,605,860**

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

1. CORPORATE INFORMATION

Cyclopharm is a Company limited by shares incorporated and domiciled in Australia. The shares are publicly traded on the Australian Securities Exchange (“ASX”).

During the year the principal continuing activities of the consolidated entity 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 report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

The following standards and amendments were available for early adoption but have not been applied by the consolidated entity in these financial statements:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at	1 January 2010	The Group does not currently have land that could be affected by these amendments. The amendments are not expected to have any impact on the Group’s financial report.	1 October 2010

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group*
		anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: ► has primary responsibility for providing the goods or service; ► has inventory risk; ► has discretion in establishing prices; ► bears the credit risk.			
AASB 2009-5 (con't)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.	1 January 2010	The Group does not currently have prepayment options that could be affected by these amendments. The amendments are not expected to have any impact on the Group's financial report.	1 October 2010
AASB 2009-7	Amendments to	These comprise editorial	1 July 2009	These comprise	1 October

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group*
	Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	amendments and are expected to have no major impact on the requirements of the amended pronouncements.		editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	2009
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	The Group does not currently have any share based payment transactions with an entity that receives goods or services that could be affected by these amendments. The amendments are not expected to have any impact on the Group's financial report.	1 October 2010
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension	1 January 2011	The Group does not currently have a defined benefit pension plan that could be affected by these amendments. The amendments are not expected to have any impact on the Group's financial report	1 January 2011

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group*
		asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.			
Interpretation 19*	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	The Group does not currently have a defined benefit pension plan that could be affected by these amendments. The amendments are not expected to have any impact on the Group's financial report	1 January 2011

* designates the beginning of the applicable annual reporting period unless otherwise stated

c) 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

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.

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.

The Directors have identified that the business combination, encompassing the restructure of the Cyclopharm Group that occurred in May 2006 constituted a reverse acquisition as defined under *AASB3 Business Combinations*. Accordingly the consolidated financial statements have been issued under the name of the new legal parent, Cyclopharm, but reflect a continuation of the financial statements of the economic entity that existed prior to the business combination/reorganisation.

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.

d) 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 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 are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations 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.

e) 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.

f) 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 reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Certain expenditure in establishing and commissioning Cyclopharm’s PET central Pharmacies has been capitalised. No amortisation has been applied as the asset is not yet deemed held for use. 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.

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	10-33%	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	Indefinite	Finite
Method used	8 - 10 years - Straight line	8 - 10 years - Straight line
Internally generated / Acquired	Acquired	Internally generated
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.

g) 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.

h) 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, annually, 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.

Expenditure on costs incurred in the application to the Food & Drug Administration authority have been capitalised. A useful life has not been determined as Cyclopharm have not yet received approval from the Food & Drug Administration authority. During the year, $691,705 was written off the capitalised costs following the settlement of a claim against Clinquest Inc. No impairment provision has been deemed necessary at balance date. The Directors are satisfied that the future economic benefits will eventuate to justify the carrying value of the capitalised expenditure.

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.

i) 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.

j) 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.

k) 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

l) Trade and other payables

Trade payables and other payables are carried at amortised costs 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.

m) 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 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.

n) 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.

o) 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 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.

p) Employee share and performance share schemes

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

The fair value of performance 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.

q) 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.

r) 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.

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.

Dividends

Revenue from quoted investments is recognised in the Statement of Comprehensive Income on the day which the relevant investment is first quoted on an "ex-basis". Dividend revenue is recognised net of any franking credits.

Revenue from distributions from controlled entities is recognised by the Company when they are declared by the controlled entities. Revenue from dividends from associates and other investments is recognised when dividends are received. Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

Research and development grants

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as revenue.

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

s) 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.

t) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB139: Recognition and Measurement of Financial Instruments.

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 assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

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.

Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an

impairment loss is or continues to be recognised are not included in a collective assessment of impairment.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

u) 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 *UIG 1052 Tax Consolidation Accounting*, 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*.

v) 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 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.

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 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.

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 2009 and 31 December 2008.

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 2009 and 31 December 2008.

3. SEGMENT REPORTING (continued)

Business Segments

For the period ended 31 December 2009	Technegas $	Molecular Imaging $	Unallocated $	Total $
	Consolidated			
Revenue				
Sales to external customers	11,098,579	-	-	11,098,579
Finance revenue	22,285	-	70,901	93,186
Other revenue	-	-	2,403,090	2,403,090
Total revenue	**11,120,864**	**-**	**2,473,990**	**13,594,855**
Result				
Profit / (loss) before tax and finance costs	**1,950,358**	**(320,913)**	**1,075,558**	**2,705,004**
Finance costs	(11,731)	(744)	(125,028)	(137,503)
Profit / (Loss) before income tax	**1,938,627**	**(321,656)**	**950,530**	**2,567,501**
Income tax expense	(523,011)	-	-	(523,011)
Profit / (Loss) after income tax	**1,415,616**	**(321,656)**	**950,530**	**2,044,490**
Assets and liabilities				
Segment assets	9,739,217	4,952,597	4,952,597	19,644,411
Segment liabilities	(1,402,788)	(749,276)	(3,563,706)	(5,715,770)
Other segment information				
Impairment w rite dow ns	(691,705)	-	-	(691,705)
Depreciation and amortisation	(450,229)	-	-	(450,229)

For the period ended 31 December 2008	Technegas $	Molecular Imaging $	Unallocated $	Total $
	Consolidated			
Revenue				
Sales to external customers	10,888,269	-	-	10,888,269
Finance revenue	34,788	-	14,589	49,377
Other revenue	-	-	52,852	52,852
Total revenue	**10,923,057**	**-**	**67,441**	**10,990,498**
Result				
Profit / (loss) before tax and finance costs	**3,433,856**	**(299,731)**	**(983,690)**	**2,150,435**
Finance costs	(12,692)	(3,684)	(237,585)	(253,961)
Profit / (Loss) before income tax	**3,421,164**	**(303,415)**	**(1,221,275)**	**1,896,474**
Income tax expense	(191,214)	-	-	(191,214)
Profit / (Loss) after income tax	**3,229,950**	**(303,415)**	**(1,221,275)**	**1,705,260**
Assets and liabilities				
Segment assets	12,457,415	1,895,450	3,610,405	17,963,270
Segment liabilities	(1,827,954)	(8,176)	(2,916,339)	(4,752,469)
Other segment information				
Impairment w rite dow ns	(140,000)	-	-	(140,000)
Depreciation and amortisation	(331,184)	-	-	(331,184)

3. SEGMENT REPORTING (continued)

Geographical segment

		Consolidated			
For the year ended	**Asia Pacific**	**Europe**	**North America**	**Other**	**Total**
31 December 2009	**$**	**$**	**$**	**$**	**$**
Revenue					
Sales to external customers	1,886,030	7,309,497	1,734,492	168,560	11,098,579
Finance revenue	89,994	3,192	-	-	93,186
Total segment revenue	**1,976,024**	**7,312,689**	**1,734,492**	**168,560**	**11,191,765**
Assets and liabilities					
Segment assets	13,858,482	5,210,112	575,817	-	19,644,411
Segment liabilities	(5,082,328)	(531,659)	(101,783)	-	(5,715,770)

		Consolidated			
For the year ended	**Asia Pacific**	**Europe**	**North America**	**Other**	**Total**
31 December 2008	**$**	**$**	**$**	**$**	**$**
Revenue					
Sales to external customers	1,886,030	7,309,497	1,734,492	168,560	11,098,579
Finance revenue	89,994	3,192	-	-	93,186
Total segment revenue	**1,746,214**	**7,516,229**	**1,614,409**	**60,794**	**10,937,646**
Assets and liabilities					
Segment assets	10,323,946	6,701,320	938,004	-	17,963,270
Segment liabilities	(4,237,105)	(431,779)	(83,585)	-	(4,752,469)

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4. REVENUES AND EXPENSES

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Revenue					
Sales revenue		11,098,579	10,888,269	-	-
Other Revenue					
Management Fees		-	-	436,727	524,320
Realised foreign exchange gains		389,249	52,852	354,647	-
Clinquest settlement proceeds		2,013,841	-	2,013,841	-
Total other revenue		2,403,090	52,852	2,805,215	524,320
Expenses					
a) Cost of materials and manufacturing					
Cost of materials and manufacturing		2,546,484	2,531,571	-	-
b) Finance costs					
Interest paid on loans from external parties		137,503	253,961	125,028	237,584
c) Depreciation and amortisation					
Depreciation of plant and equipment		398,671	284,408	-	-
Depreciation of leasehold improvements		6,242	6,220	-	-
Amortisation of intangibles		45,317	40,556	-	-
		450,230	331,184	-	-
d) Research & development					
Research costs		39,728	35,989	-	-
		39,728	35,989	-	-
e) Employee benefits expense					
Salaries and wages		3,257,153	3,091,500	90,613	197,426
Non-Executive Director fees and consultant costs		156,548	105,807	89,611	90,653
Share-based payments expense	23a	74,283	70,023	74,283	70,023
		3,487,984	3,267,330	254,507	358,102
f) Administration expense					
Write down of capitalsed FDA development cost		691,705	-	-	-
Legal and Professional costs		1,581,287	802,987	997,166	(370,627)
Office and facility costs		736,873	534,534	71,512	69,406
Travel and motor vehicle costs		557,085	506,372	11,648	8,705
		3,566,950	1,843,893	1,080,326	448,738

5. INCOME TAX

	2009 $	2008 $	2009 $	2008 $
Current income tax (expense) / benefit	(563,249)	(59,593)	(424,877)	196,330
Deferred tax (expense) / benefit	40,238	(131,621)	(22,574)	(21,087)
Income tax reported in income statement	**(523,011)**	**(191,214)**	**(447,451)**	**175,243**

A reconciliation of income tax benefit / (expense) 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:

	2009 $	2008 $	2009 $	2008 $
Accounting profit / (loss) before income tax	**2,567,502**	**1,896,474**	**1,416,255**	**(654,433)**
Statutory income tax rate of 30%	(770,251)	(568,942)	(424,877)	196,330
Expenditure not allow able for income tax purposes	(1,218)	(883)	(289)	(80)
Share based payments for w hich no deduction is obtained	(22,285)	(21,007)	(22,285)	(21,007)
Effects of low er rates on overseas income	207,002	509,349	-	-
Tax expense offset against carry forw ard tax losses	-	(104,268)	-	-
Tax losses not recognised in foreign subsidiaries	63,741	(5,463)	-	-
Total income tax (expense) / benefit	**(523,011)**	**(191,214)**	**(447,451)**	**175,243**
Effective income tax rate	(20.4%)	(10.1%)	(31.6%)	(26.8%)
Current tax liabilities				
Current income tax (receivable) / liability	**174,039**	**5,071**	**-**	**-**
Deferred tax assets/liabilties				
Deferred tax assets and liabilities relate to the follow ing:				
Deferred tax assets from temporary differences on:				
Provisions	154,629	121,817	1,950	1,950
Tax losses applied in current year	(447,450)	-	(447,450)	-
Tax losses of parent entity brought to account	384,768	384,768	384,768	384,768
Tax losses / (payable) transferred from Australian subsidiaries	(117,850)	104,268	236,929	146,564
Adjustment to recognise deferred tax asset arising from share issue costs	25,901	155,246	25,901	155,246
Transfer of deferred tax liability	-	(771,625)	-	-
Other	3	5,526	(43,688)	(70,198)
Total deferred tax assets	**-**	**-**	**158,409**	**618,330**
Deferred tax liabilities from temporary differences on:				
Capitalised expenditure	367,304	50,232	716,976	821,856
Total deferred tax liabilities	**367,304**	**50,232**	**716,976**	**821,856**

6. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	2009	2008
	$	$
Net assets per share	0.08	0.09
Net tangible assets per share	0.07	0.07
	Number	Number
Weighted average number of ordinary shares for net assets per share	171,012,616	141,876,726

Earnings per share

	Consolidated	
	2009	2008
	cents	cents
Basic earnings per share for continuing operations	1.20	1.20
Basic earnings per share	1.20	1.20
Diluted earnings per share	1.20	1.20
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	171,012,616	141,876,726

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7. CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Cash at bank and in hand	4,612,205	4,206,271	2,886,619	2,669,372
Total cash and cash equivalents	**4,612,205**	**4,206,271**	**2,886,619**	**2,669,372**

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

The fair value of cash equivalents is $4,612,205 (2008: $4,206,271).

Reconciliation of Cash Flow Statement	2009	2008	2009	2008
For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:				
Cash at bank and in hand	4,612,205	4,206,271	2,886,619	2,669,372
	4,612,205	**4,206,271**	**2,886,619**	**2,669,372**
(a) Reconciliation of net profit / (loss) after tax to net cash flows from operations				
Net profit / (loss) after tax	**2,044,491**	**1,757,062**	**968,804**	**(427,388)**
Adjustments for non-cash income and expense items:				
Depreciation	404,912	290,628	-	-
Amortisation	45,317	40,556	-	-
Impairment writedown	(691,705)	(141,738)	-	-
Movement in equity	325,957	-	-	-
Movement provision for doubtful debts	-	(375,188)	-	-
Movement provision for employee benefits	113,522	66,694	-	-
Movement in foreign exchange	-	766,278	-	-
Movement in employee benefits reserve	74,283	70,023	74,283	70,023
Movement in other provisions	24,609	(19,514)	(6,500)	(6,500)
	2,341,385	**2,454,801**	**1,036,587**	**(363,865)**
Increase/decrease in assets and liabilities:				
(Increase) / decrease in receivables	812,099	(783,997)	886,545	(1,073,220)
(Increase) / decrease in inventories	(387,626)	(507,292)	-	-
(Increase) / decrease in other receivables	255,250	(8,227)	-	-
(Increase) / decrease in deferred tax assets	616,379	(288,928)	-	-
Increase / decrease in related party loans	-	-	373,168	(821,389)
Increase / (decrease) in creditors	339,130	308,086	(12,877)	(68,242)
Increase / (decrease) in current tax liabilities	168,968	5,071	-	-
Increase / (decrease) in deferred tax liabilities	(454,552)	306,514	-	-
Net cash from operating activities	**3,691,033**	**1,486,028**	**2,283,423**	**(2,326,716)**

8. TRADE AND OTHER RECEIVABLES

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current					
Trade receivables, third parties		3,590,705	4,402,804	-	-
		3,590,705	4,402,804	-	-
Related party receivable		-	-	197,250	1,071,123
Other receivables		690,664	324,273	10,523	23,195
Total trade and other receivables		**4,281,369**	**4,727,077**	**207,773**	**1,094,318**
Non-current					
Loans to related parties		-	-	5,794,748	3,746,699
Total other receivables		**-**	**-**	**5,794,748**	**3,746,699**

Terms and conditions
Terms and conditions relating to the above financial instruments
a. Trade receivables are non-interest bearing and generally on 30 and 60 day terms.
b. Other debtors are non-interest bearing and have repayment terms between 30 and 90 days.
c. Related party details are set out in the Note 19 Related party disclosures, controlled entities.

9. INVENTORIES

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Raw materials at cost	853,415	924,729	-	-
Finished goods at low er of cost or net realisable value	2,389,577	1,930,637	-	-
	3,242,992	**2,855,366**	**-**	**-**

10. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2009

Consolidated	Land and buildings	Leasehold improvements $	Plant and equipment $	Leased Plant and Equipment $	Capital Work in Progress $	Total $
1 January 2009						
at written down value	161,500	23,945	1,165,043	-	1,375,346	2,725,834
Additions	-	1,927	134,134	-	2,770,042	2,906,103
Disposals / Transfers	-	-	(174,074)	-	-	(174,074)
Depreciation for the year	-	(6,242)	(398,671)	-	-	(404,912)
31 December 2009						
at written down value	**161,500**	**19,631**	**726,432**	**-**	**4,145,388**	**5,052,951**
1 January 2009						
Cost value	161,500	206,189	2,796,499	114,049	1,375,346	4,653,583
Accumulated depreciation	-	(182,244)	(1,631,456)	(114,049)	-	(1,927,749)
Net carrying amount	**161,500**	**23,945**	**1,165,043**	**-**	**1,375,346**	**2,725,834**
31 December 2009						
Cost value	161,500	208,116	2,527,570	114,049	4,145,388	7,156,623
Accumulated depreciation	-	(188,485)	(1,801,137)	(114,049)	-	(2,103,671)
Net carrying amount	**161,500**	**19,631**	**726,433**	**-**	**4,145,388**	**5,052,951**

The asset class Capital Work in Progress relates solely to the development of the PET Facility at Macquarie University Hospital, New South Wales. In the current year development costs of $2,770,042 (2008: $1,317,178) incurred in the current year were capitalised.

Year ended 31 December 2008

Consolidated	Land and buildings	Leasehold improvements $	Plant and equipment $	Leased Plant and Equipment $	Capital Work in Progress $	Total $
1 January 2008						
at written down value	161,500	30,165	781,737	-	-	973,402
Additions / Transfers	-	-	817,836	-	1,375,346	2,193,182
Disposals / Transfers	-	-	(150,122)	-	-	(150,122)
Depreciation for the year	-	(6,220)	(284,408)	-	-	(290,628)
31 December 2008						
at written down value	**161,500**	**23,945**	**1,165,043**	**-**	**1,375,346**	**2,725,834**
1 January 2008						
Cost value	161,500	206,189	1,978,663	114,049	-	2,460,401
Accumulated depreciation	-	(176,024)	(1,196,926)	(114,049)	-	(1,486,999)
Impairment		-	-	-		-
Net carrying amount	**161,500**	**30,165**	**781,737**	**-**	**-**	**973,402**
31 December 2008						
Cost value	161,500	206,189	2,796,499	114,049	1,375,346	4,653,583
Accumulated depreciation	-	(182,244)	(1,631,456)	(114,049)	-	(1,927,749)
Net carrying amount	**161,500**	**23,945**	**1,165,043**	**-**	**1,375,346**	**2,725,834**

11. INVESTMENTS IN SUBSIDIARIES

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Investments in controlled entities at cost	-	-	6,122,017	6,122,017
Total investments	**-**	**-**	**6,122,017**	**6,122,017**

Refer to Note 19 for details of subsidiary names, locations and ownership interests.

12. INTANGIBLE ASSETS

Consolidated	Intellectual property $	Technegas Development $	FDA Development $	Total $
Balance at				
1 January 2009	103,184	192,636	2,498,033	2,793,853
Arising during the year	21,496	-	343,340	364,836
Amortisation	(14,597)	(30,720)	-	(45,317)
Impairment write down	-	-	(691,705)	(691,705)
Balance at				
31 December 2009	**110,083**	**161,916**	**2,149,668**	**2,421,667**
31 December 2009				
Non-Current	110,083	161,916	2,149,668	2,421,667
Total	**110,083**	**161,916**	**2,149,668**	**2,421,667**
31 December 2008				
Non-Current	103,184	192,636	2,498,033	2,793,853
Total	**103,184**	**192,636**	**2,498,033**	**2,793,853**

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

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

(a) Three 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 15% in 2009 (2008: 12.5%).

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

(d) Following the settlement with Clinquest Inc, the Company's former adviser to obtain approval to sell Technegas in the United States the Director's have assessed the portion of the FDA Development asset class relating to Clinquest Inc as impaired and consequently wrote down $691,705 during the year.

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13. TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Trade payables, third parties	1,414,254	915,318	66,480	29,357
Other payables and accruals	485,899	645,705	-	50,000
Total trade and other payables	**1,900,153**	**1,561,023**	**66,480**	**79,357**

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) The non-interest bearing loan, related party loan is payable when called upon. Related party details are set out in the Note 19 Related party disclosures, controlled entities

14. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Current				
Bank loan - secured	1,757,350	-	1,757,350	-
Interest bearing loans and borrowings (current)	**1,757,350**	**-**	**1,757,350**	**-**
Non-current				
Bank loan - secured	975,900	2,733,250	975,900	2,733,250
Interest bearing loans and borrowings (non-current)	**975,900**	**2,733,250**	**975,900**	**2,733,250**
Total interest bearing loans and borrowings	**2,733,250**	**2,733,250**	**2,733,250**	**2,733,250**

14. INTEREST BEARING LOANS AND BORROWINGS (continued)

(a) Financing facilities available:

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

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	$	$	$	$
Total facilities available:					
- secured bank loans, third party		6,450,000	6,450,000	6,450,000	6,450,000
		6,450,000	**6,450,000**	**6,450,000**	**6,450,000**
Facilities used at reporting date:					
- secured bank loans, third party	14	2,733,250	2,733,250	2,733,250	2,733,250
		2,733,250	**2,733,250**	**2,733,250**	**2,733,250**
Facilities unused at reporting date:					
- secured bank loans, third party		3,716,750	3,716,750	3,716,750	3,716,750
		3,716,750	**3,716,750**	**3,716,750**	**3,716,750**
Total facilities		6,450,000	6,450,000	6,450,000	6,450,000
Facilities used at reporting date:		(2,733,250)	(2,733,250)	(2,733,250)	(2,733,250)
Facilities unused at reporting date:		**3,716,750**	**3,716,750**	**3,716,750**	**3,716,750**

(b) Secured Bank Loans

(i) Cyclopharm has an amortising bank bill facility provided by the National Australia Bank of $1.35 million. The entirety of the facility must be repaid by 31 July 2011. The facility is secured by a first registered mortgage debenture over Cyclopharm Limited and a guarantee and indemnity for $6,450,000 from Cyclomedica Australia Pty Ltd, CycloPET Pty Ltd, Allrad No. 28 Pty Ltd and Allrad No. 29 Pty Ltd. Supported by Fixed and Floating Charge and First Registered Debenture charges over these companies.

(ii) Cyclopharm has a 15 month multi-option facility (MOF) provided by the National Australia Bank for $5.1 million. The facility is due for renewal in March 2010. The facility is secured by a first registered mortgage debenture over Cyclopharm Limited and a guarantee and indemnity for $6,450,000 from Cyclomedica Australia Pty Ltd, CycloPET Pty Ltd, Allrad No. 28 Pty Ltd and Allrad No. 29 Pty Ltd. Supported by Fixed and Floating Charge and First Registered Debenture charges over these companies.

15. PROVISIONS

	Consolidated			Parent	
	Employee Entitlements	Other	Total	Other	Total
Consolidated	$	$	$	$	$
Balance at					
1 January 2009	**349,393**	**53,500**	**402,893**	**53,500**	**53,500**
Arising during the year	186,224	127,505	313,729	47,000	47,000
Utilised	(72,702)	(102,896)	(175,598)	(53,500)	(53,500)
Balance at					
31 December 2009	**462,915**	**78,109**	**541,024**	**47,000**	**47,000**
31 December 2009					
Current	420,174	78,109	498,283	47,000	47,000
Non-Current	42,741	-	42,741	-	-
Total	**462,915**	**78,109**	**541,024**	**47,000**	**47,000**
Number of employees					
Number of employees at year end	23			2	
31 December 2008					
Current	318,034	53,500	371,534	53,500	53,500
Non-Current	31,359	-	31,359	-	-
Total	**349,393**	**53,500**	**402,893**	**53,500**	**53,500**
Number of employees					
Number of employees at year end	35			2	

Consolidated
Other provisions consist solely of year-end audit fees accrual of $47,000 (2008: $53,500) and customer deposits of $31,109 (2008: $0).

Parent
Other provisions consist solely of year-end audit fees accrual of $47,000 (2008: $53,500).

16. CONTRIBUTED EQUITY

	Notes	Consolidated 2009 Number	2008 Number	2009 $	2008 $	Parent 2009 $	2008 $
Issued and paid up capital							
Ordinary shares	(a)	171,112,616	171,112,616	16,422,066	16,422,066	11,289,438	11,289,438
Other contributed equity	(b)	-	-	(5,333,158)	(5,295,657)	-	-
Total issued and paid up capital		**171,112,616**	**171,112,616**	**11,088,908**	**11,126,409**	**11,289,438**	**11,030,432**
Ordinary shares							
(a) Issued and paid up capital							
Balance at the beinning of the period		171,112,616	138,712,616	16,422,066	13,349,740	11,289,438	8,217,112
Issue of 31,800,000 shares at $0.10	(i)	-	31,800,000	-	3,180,000	-	3,180,000
Capital raising costs	(ii)	-	-	-	(107,674)	-	(107,674)
Issue of shares to directors and employees	(iii)	-	1,500,000	-	-	-	-
Cancelation of shares to directors and employees	(iv)	-	(900,000)	-	-	-	-
Balance at end of period		**171,112,616**	**171,112,616**	**16,422,066**	**16,422,066**	**11,289,438**	**11,289,438**
(b) Other contributed equity							
Balance at the beginning of the period		-	-	(5,295,657)	(5,295,657)	-	-
Acquisition of minority interests in controlled entities		-	-	(37,501)	-	-	-
Balance at end of period		**-**	**-**	**(5,333,158)**	**(5,295,657)**	**-**	**-**

(i) On 28 November 2008, Cyclopharm allotted 31,800,000 rights issue shares to shareholders in relation to the 1:4.4 non-renounceable rights issue.
(ii) In the prior year the total of costs relating to non-renounceable rights issue was $153,820.
(iii) On 3 June 2008, 1,400,000 LTIP Shares were issued to Mr James McBrayer upon appointment as Cyclopharm’s Managing Director via a non-recourse loan. A further 100,000 shares were issued to other employees on 7 February 2008.
(iv) On 3 June 2008, 900,000 LTIP shares held by Mr John Sharman the former Managing Director were cancelled along with the corresponding non-recourse loan (not accounted for the in the Financial Statements). A further 100,000 shares previously issued to other employees were cancelled.
(v) An adjustment was made to the prior period comparatives to recognise a deferred tax asset arising from share issue costs (accounted for directly in equity) of $259,006.

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.

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.

The Directors did not declare a dividend during the financial year ended 31 December 2009.

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 satisfied its year-end externally imposed capital requirements of its banking facilities detailed in Note 14 (b).

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	$	$	$	$
Total interet bearing loans and borrowings	14	2,733,250	2,733,250	2,733,250	2,733,250
Less cash and cash equivalents	7	(4,612,205)	(4,206,271)	(2,886,619)	(2,669,372)
Net (cash) / debt		**(1,878,955)**	**(1,473,021)**	**(153,369)**	**63,878**
Total equity		13,928,641	13,055,556	11,605,860	10,407,527
Gearing ratio*		(13.5%)	(11.3%)	(1.3%)	0.6%

*A negative ratio denotes that net cash exceeded net borrowings at the reporting date

17. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts and 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 period 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 2009, 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		Parent	
		2009	2008	2009	2008
	Notes	$	$	$	$
Judgements of reasonably possible movements:					
Profit / (loss) before income tax					
+1.0% (100 basis points)		(27,333)	(21,224)	(27,333)	(21,224)
-0.5% (50 basis points)		13,666	10,612	13,666	10,612

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) Cash flow interest rate risk (continued)

Consolidated Year ended	Note	Weighted average interest rate %	Non interest bearing	Floating interest rate	Floating interest maturing in			Total
					1 year or less	1 to 5 years	More than 5 years	
31 December 2009								
FINANCIAL ASSETS								
Cash and cash equivalents	7	4.00%	-	4,612,205	-	-	-	4,612,205
Trade and other receivables	8	n/a	4,281,369	-	-	-	-	4,281,369
Total financial assets			**4,281,369**	**4,612,205**	**-**	**-**	**-**	**8,893,574**
FINANCIAL LIABILITIES								
Trade payables, third parties	13	n/a	1,850,154	-	-	-	-	1,850,154
Secured bank loans, third party	14	5.83%	-	-	1,757,350	975,900	-	2,733,250
Employee entitlements	15	n/a	462,915	-	-	-	-	462,915
Total financial liabilities			**2,313,069**	**-**	**1,757,350**	**975,900**	**-**	**5,046,319**
Net exposure			**1,968,300**	**4,612,205**	**(1,757,350)**	**(975,900)**	**-**	**3,847,255**

Consolidated Year ended	Note	Weighted average interest rate %	Non interest bearing	Floating interest rate	Floating interest maturing in			Total
					1 year or less	1 to 5 years	More than 5 years	
31 December 2008								
FINANCIAL ASSETS								
Cash and cash equivalents	7	0.25%	-	4,206,271	-	-	-	4,206,271
Trade and other receivables	8	n/a	4,727,077	-	-	-	-	4,727,077
Total financial assets			**4,727,077**	**4,206,271**	**-**	**-**	**-**	**8,933,348**
FINANCIAL LIABILITIES								
Trade payables, third parties	13	n/a	1,561,023	-	-	-	-	1,561,023
Secured bank loans, third party	14	7.72%	-	-	-	2,733,250	-	2,733,250
Employee entitlements	15	n/a	349,393	-	-	-	-	349,393
Total financial liabilities			**1,910,416**	**-**	**-**	**2,733,250**	**-**	**4,643,666**
Net exposure			**2,816,661**	**4,206,271**	**-**	**(2,733,250)**	**-**	**4,289,682**

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 2009, 64% of the Group's debt will mature in less than one year (2008: 0%) however the majority of these facilities are in the process of renewal to extend the maturity dates.

Refer to the table below 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 eg 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, Cyclopharm monitors its 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 $3,716,750 (2008: $3,716,750) in unused credit facilities available for use.

Consolidated Year ended	Note	Less than 6 months	6 months to 1 year	1 year to 5 years	Greater than 5 years	Total
31 December 2009						
Trade payables, third parties	13	1,850,154	-	-	-	1,850,154
Secured bank loans, third party	14	-	1,757,350	975,900	-	2,733,250
31 December 2008						
Trade payables, third parties	13	1,561,023	-	-	-	1,561,023
Secured bank loans, third party	14	-	-	2,733,250	-	2,733,250

(d) Commodity price risk

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(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 85% (2008: 84%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst approximately 51% (2008: 65%) of costs are denominated in the unit's functional currency.

At 31 December 2009, the Group had the following financial instrument exposure to foreign currency fluctuations:

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
United States dollars				
Amounts payable	25,064	343,880	-	-
Amounts receivable	103,098	58,917	-	-
Euros				
Amounts payable	223,259	166,671	-	-
Amounts receivable	2,881,680	3,613,941	-	-
				-
Canadian dollars				
Amounts payable	4,457	-	-	-
Amounts receivable	351,148	458,852	-	-
Net exposure	**(3,083,146)**	**(3,621,159)**	**-**	**-**

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 as at 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 US Dollars (USD) and European Euro (Euro) 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		Parent	
	Increase in AUD of 10%	Decrease in AUD of 10%	Increase in AUD of 10%	Decrease in AUD of 10%
	$	$	$	$
Euro				
31 December 2009				
Net profit	(562,378)	707,572	-	-
Equity increase/(decrease)	(562,378)	707,572	-	-
31 December 2008				
Net profit	(509,351)	622,538	-	-
Equity increase/(decrease)	(509,351)	622,538	-	-

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18. COMMITMENTS

(a) Operating lease commitments

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

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Operating Lease Commitments				
Minimum lease payments				
Due not later than one year	252,210	170,266	-	-
Due later than 1 year & not later than 5 years	1,540,012	649,356	-	-
More than 5 years	1,002,000	-	-	-
Total operating lease commitments	**2,794,222**	**819,622**	**-**	**-**
Operating lease expenses recognised as an expense during the period:	199,028	148,579	-	**-**

- The Group has entered into commercial leases on office space within certain buildings. These leases have an average life of between 3 to 5 years with renewal options included in the contracts. 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 commences upon commissioning of the Hospital.
- The Group also has entered into commercial leases on motor vehicles that have an average life of approximately 3 to 5 years.

(b) Finance lease commitments

The Group had no finance lease commitments for the year ended 31 December 2009.

(c) Other commitments

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	$	$	$	$
The company has the following other commitments:					
Not later than one year	(i)	1,757,350	-	-	-
Due later than 1 year & not later than 5 years	(ii)	975,900	2,733,250	975,900	2,733,250
More than 5 years	(ii)	-	-	-	-
Total		**2,733,250**	**2,733,250**	**975,900**	**2,733,250**

(i) Cyclopharm has a 15 month multi-option facility (MOF) provided by the National Australia Bank for $5.1 million which was renewed in February 2010. At balance date $1.38 million had been drawn down against this facility.

(ii) Cyclopharm has an amortising bank bill facility provided by the National Australia Bank of $1.35 million. At balance date $1.35 million had been drawn down against this facility. Repayments under the amortising facility are expected to commence in July 2010 and the entirety of the facility must be repaid by 31 July 2011.Of this facility $407,350 is due for repayment in 2010.

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18. COMMITMENTS (continued)

(d) Capital commitments

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
The company has the following capital expenditure commitments contracted for property, plant and equipment:				
Due later than 1 year & not later than 5 years	4,352,503	1,615,000	-	-
Total	**4,352,503**	**1,615,000**	**-**	**-**

- Cyclopet Pty Ltd entered into a contract with a company specialising in GMP facilities fit outs to fit out the PET facility at Macquarie University Hospital for $1.3m. Works to the value of $0.9m had been completed at year end.
- Cyclopet Pty Ltd took delivery of the cyclotron and production tools for the PET Facility at Macquarie University Hospital in October 2009 from GE Healthcare. The equipment with a value of approximately $4.0m is to be settled 90 days from the commissioning of the PET Facility.

19. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Cyclopharm and the subsidiaries as stated under the controlled entities note.

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):

19. RELATED PARTY DISCLOSURES (continued)

CONSOLIDATED		Sales to related parties $	Purchases from related parties $	Other Transactions with related parties $	Amounts owed by related parties $	Amounts owed to related parties $
CVC Venture Managers Pty Ltd	2009	-	-	39,160	-	1,870
	2008	-	-	145,107	-	2,035
Nucleus Consulting	2009	-	-	-	-	-
	2008	-	-	63,068	-	-
VA Consulting Pty Ltd	2009	-	-	75,688	-	8,250
	2008	-	-	152,284	-	-

PARENT		Sales to related parties $	Purchases from related parties $	Other Transactions with related parties $	Amounts owed by related parties $	Amounts owed to related parties $
CVC Venture Managers Pty Ltd	2009	-	-	39,160	-	1,870
	2008	-	-	145,107	-	2,035
VA Consulting Pty Ltd	2009	-	-	75,688	-	8,250
	2008	-	-	152,284	-	-

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 $39,160 (2008: $145,107) were made to CVC Venture Managers (an entity of which Mr Sharman and Mr Gould are Non-Executive Directors) in relation to the rental of office space. Mr Gould does not receive any benefits from CVC Venture Managers.
- In the prior year payments of $63,068 were made to Nucleus Consulting (an entity controlled by Mr McBrayer) in relation to Mr McBrayer's role as a consultant prior to his appointment as Managing Director on 3 June 2008.
- During the year payments of $75,688 (2008: $152,284) were made to VA Consulting Pty Ltd (an entity controlled by Mr Sharman). Of this amount, payments of $60,688 for his role as litigation case manager and $15,000 for his role as a non-executive director.
- Cyclomedica Australia manufactures products that are sold to its overseas subsidiaries.

19. RELATED PARTY DISCLOSURES (continued)

Controlled Entities

Name	Note	Country of Incorporation	Percentage of equity interest held 2009	2008
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 STATEMENT OF FINANCIAL POSITION DATE

BANKING FACILITIES

In February 2010, the Company renewed its $5.1m Multi Option Facility with the National Australia Bank.

21. AUDITORS' REMUNERATION

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

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Amounts received or due and receivable by Russell Bedford NSW and associated entities for:				
Audit and review of the financial statements	93,000	89,000	93,000	89,000
Other services:				
- tax compliance	12,730	8,500	12,730	8,500
- share registry	12,781	20,917	12,781	20,917
	118,511	**118,417**	**118,511**	**118,417**
Amounts received or due and receivable by auditors other than Russell Bedford NSW for:				
Audit of the financial statements	40,303	70,482	-	-
Other services	53,103	7,982		
	93,406	**78,464**	**-**	**-**
Total auditors' remuneration	**211,917**	**196,881**	**118,511**	**118,417**

22. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURE

In accordance with the Corporations Amendment Regulations 2005 (No.4), the Company has transferred the remuneration disclosures required by *AASB 124: Related Party Disclosures* from the notes to the financial statements, to the Directors' Report under the heading of 'Remuneration Report'.

23. 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		Parent	
	2009	2008	2009	2008
	$	$	$	$
Expense arising from equity-settled share-based payment transactions (note 4)	74,283	70,023	74,283	70,023

The accumulated share based payment expense to 31 December 2009 was $217,972 (2008: $143,689).

(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.

23. SHARE BASED PAYMENT PLANS (continued)

Options

AASB 2 Share based Payment 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.

(c) Summary of shares granted

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

	Consolidated 2009 Number	Consolidated 2008 Number
Balance at the beinning of the year	3,500,000	2,900,000
Granted during the year	-	1,500,000
Exercised during the year	-	-
Lapsed during the year	(1,100,000)	(900,000)
Balance at the end of the year	**2,400,000**	**3,500,000**
Exercisable at the end of the year	-	-
Number of recipients	-	2
Exercise price	-	$0.25 to $0.45
Weighted average price	-	$0.34
Exercise period from	-	7/2/08 or 3/6/08
To	-	7/2/2010 to 3/6/2012
Expiration day	-	7/2/2010 to 3/6/2012

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23. SHARE BASED PAYMENT PLANS (continued)

(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 option	$0.25	$0.30	$0.35	$0.35	$0.45	$0.45
Grant Date	3/06/2008	29/06/2007	3/06/2008	29/06/2007	7/02/2008	29/06/2007
Dividend yield	-	-	-	-	-	-
Expected annual volatility	38%	37%	38%	37%	38%	37%
Risk-free interest rate	7.25%	7.00%	7.25%	7.00%	7.00%	7.00%
Expected life of implied option (years)	2 years	2 years	4 years	3 years	2 years	2 years
Fair value per option	$0.042	$0.124	$0.046	$0.123	$0.004	$0.079
Share price at grant date	$0.210	$0.360	$0.210	$0.360	$0.180	$0.360
Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes

Expected volatility percentages used for the Option pricing calculations were determined using historic data over 12 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

24. PRIOR PERIOD ADJUSTMENTS

Adjustments to prior period comparatives have been made to recognise deferred tax assets arising from share issue costs (accounted for directly in equity) of $259,006, being a deferred tax asset and a corresponding credit to contributed equity in the Balance Sheet and a tax expense of $103,759 was recognised in retained profits to 31 December 2008. The comparatives have been amended in this financial report to reflect the above adjustments.

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