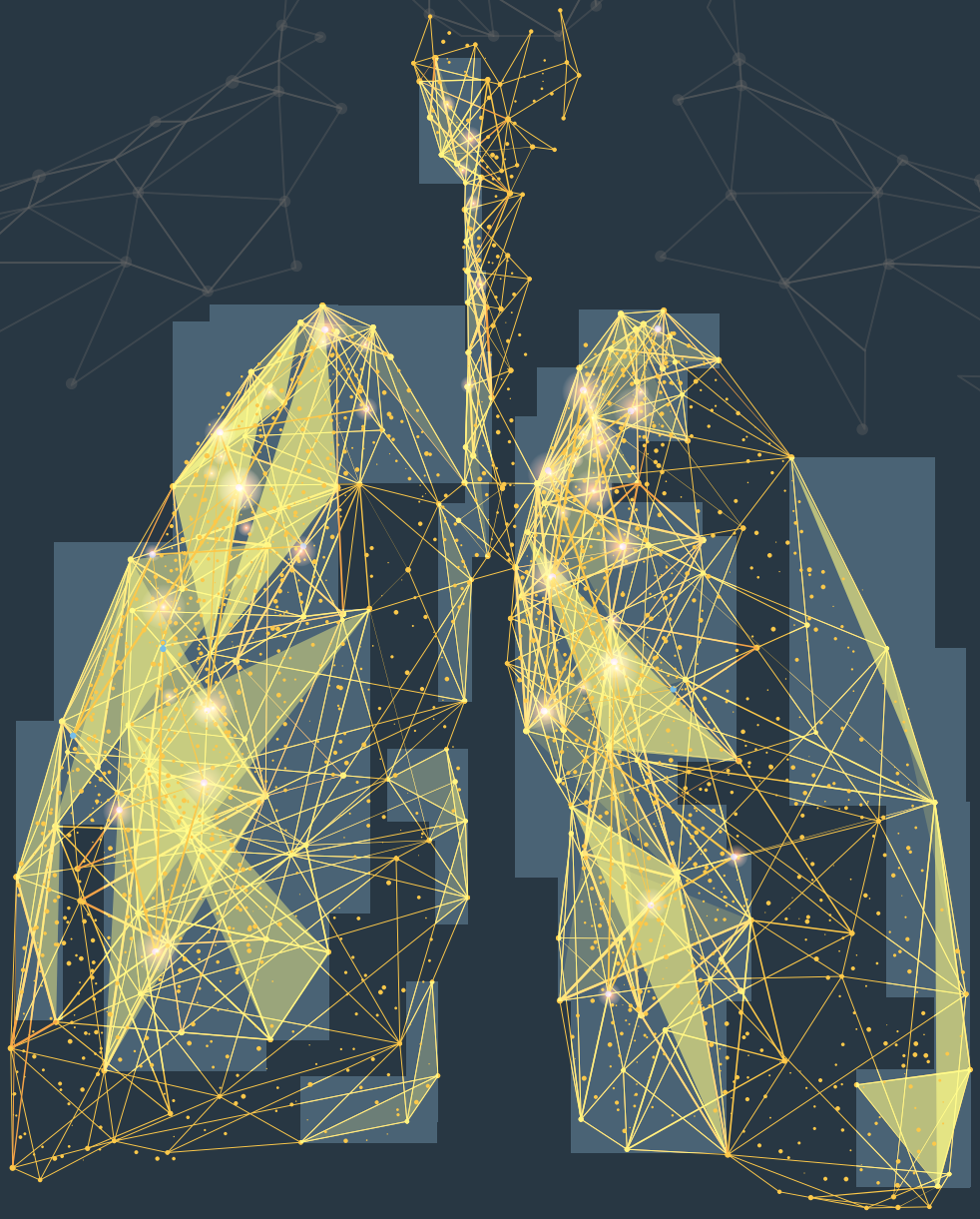
Cyclopharm Limited

Annual Report 2020



cyclopharm
Nuclear Medicine

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Cyclopharm head office, Sydney

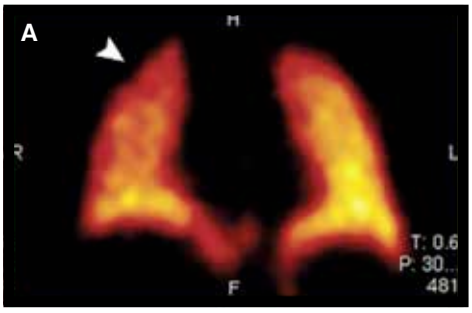
Warehouse, Kingsgrove

Manufacturing of Technegas™ Generators

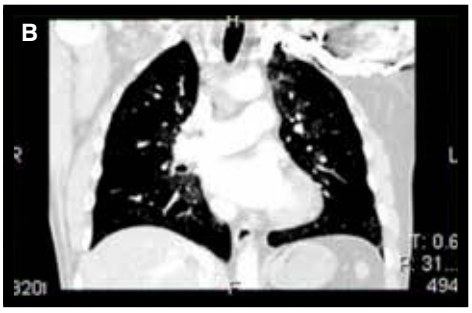
Innovative solutions

Cyclopharm Limited is a leading health technology company operating in the diagnostic lung imaging field. Our market leading nuclear medicine imaging product Technegas™ is available in over 60 countries. We are a world leader in functional lung ventilation imaging technology. Our primary near term catalyst for growth is the commencement of sales in the USA in 2021.

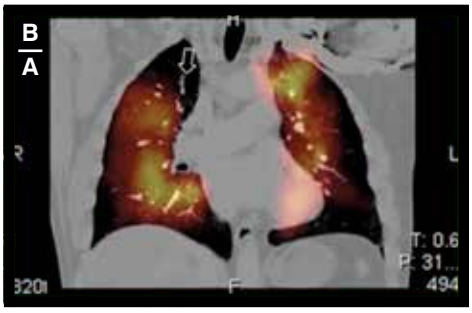
Comparison of V/Q SPECT and CT Angiography for the
Diagnosis of Chronic Thromboembolic Pulmonary Hypertension



Ventilation scan (with Technegas™)



CT imaging



Fusion of Ventilation and CT imaging

Contents

in nuclear medicine

Summary Financials

Full Year ending 31 December	2020 $'000	2019 $'000	2018 $'000
Sales Revenue			
– Technegas™ Division	14,523	14,079	13,404
– Molecular Imaging Division	153	–	–
Total Sales Revenue	14,676	14,079	13,404
Net (Loss)/Profit Before Tax			
– Technegas™ Division	(5,983)	(3,171)	455
– Molecular Imaging Division	139	746	(377)
Total Net (Loss)/Profit Before Tax	(5,844)	(2,425)	118
Loss After Tax	(6,044)	(2,912)	(35)

Full Year ending 31 December	2020 cents	2019 cents	2018 cents
Diluted Loss Per Share	(7.89)	(4.28)	(0.05)

Chairman's Letter

Dear Shareholders,

2020 was a pivotal year for Cyclopharm. Your company delivered on its strategic goals for the year despite disruption from the COVID-19 pandemic affecting all our markets.

In 2020 we recorded sales of our core Technegas™ products in 60 countries; we progressed our 'Beyond PE' research and development initiatives and generated new revenue streams by leveraging our high quality global distribution capabilities. We are very proud that Technegas™ has now been used in over 4.3 million patient procedures globally.

Importantly, during the year we received approval to file our New Drug Application (NDA) for Technegas™ with the US regulator, the Food and Drug Administration (FDA). We have worked closely with the FDA and expect the final major procedural step in their approval process, an onsite inspection of our manufacturing facility in Sydney, to be completed in early April 2021. As a result we have even greater confidence that we will be in a position to commence sales of Technegas™ in the US market by H2 2021.

The existing market for nuclear medicine ventilation imaging for Pulmonary Embolism in the US is estimated to be approximately US$90 million annually and your Board remains confident that Technegas™ can achieve a 50% share over 2 to 3 years, rising to an 80% share over a 5- to 7-year period. We believe another US$90 million annually can be converted over similar periods from competing technologies once Technegas™ is established. To prepare for a rapid entry into the US market, we are investing in building our US management team, distribution capabilities and manufacturing inventory.

Importantly, the company is now fully funded, following the successful capital raising of $33 million in February 2021, which included an institutional placement of $30 million and a heavily oversubscribed retail share purchase plan, which raised an additional $3 million. These funds will support the rapid commercialisation of Technegas™ in the USA; be selectively invested into new and larger growth opportunities for Technegas™ in respiratory conditions beyond Pulmonary Embolism, what we describe as our 'Beyond PE' initiatives and support ongoing research and development activities; product and systems enhancement and working capital.

It was also pleasing to see the initiation of the new 3rd party distribution revenue stream in 2020. The company generated $2.2 million of revenues from distributing third party products across Europe on behalf of Jubilant Draximage Inc of Canada; TEMA Sinergie based in Italy and ROTOP Pharmaka based in Germany. This additional revenue helped the business to deliver record revenues in 2020, despite the COVID-19 pandemic.

Our expectations for 2021 is that the culmination of many years of hard work will see us commence sales of Technegas™ in the US, which will significantly improve the underlying profitability of Cyclopharm. In addition, we expect sales of Technegas™ in our existing markets to continue to rebound as the world emerges from the COVID-19 pandemic and we expect third-party distribution revenues to be a growing and important source of additional earnings for Cyclopharm as we expand those relationships to include distribution in Australia.

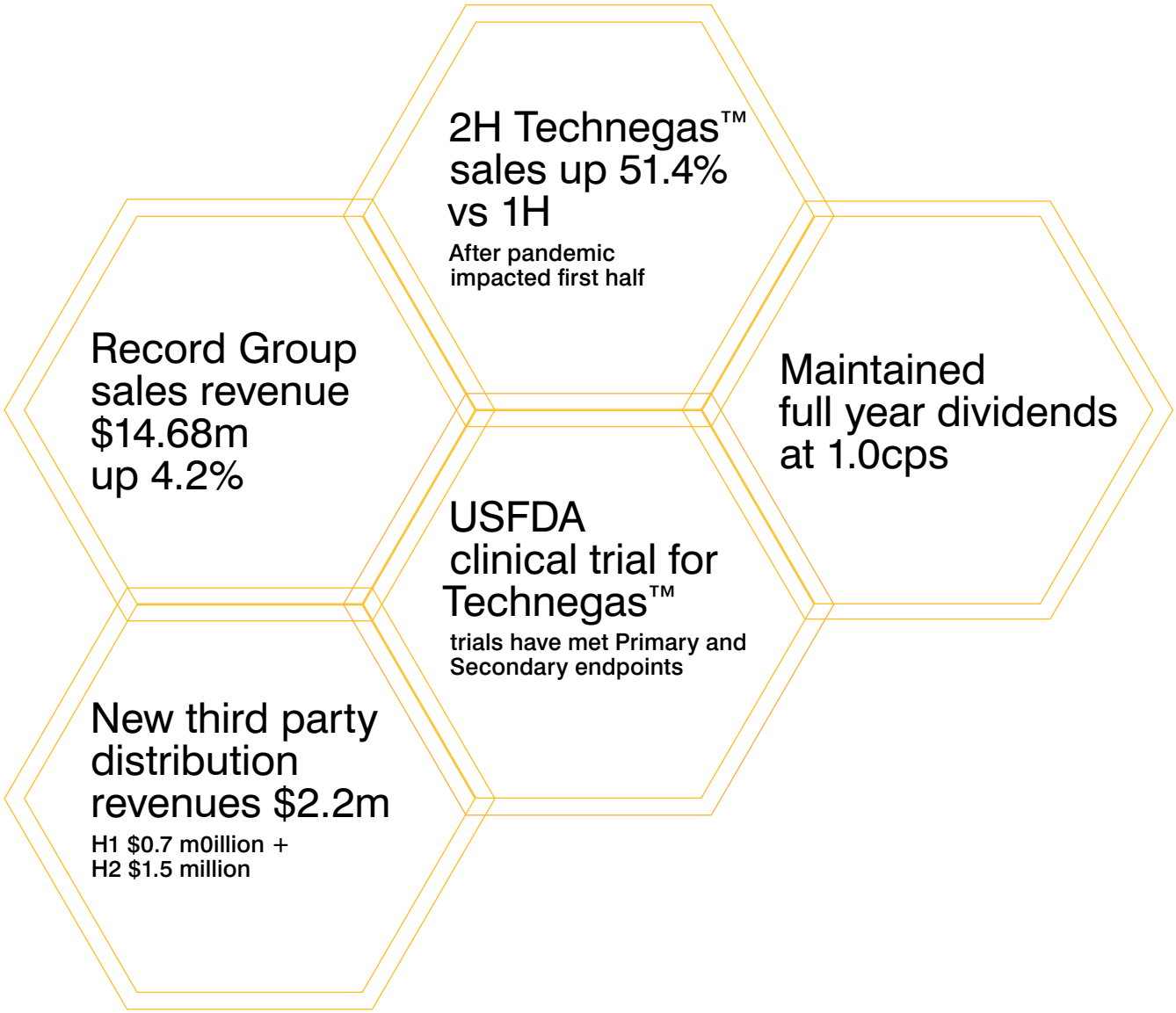
2021 will also be a year of continued investment in our 'Beyond PE' initiatives, supported by our strong balance sheet, with a view to unlocking this next phase of significant growth in shareholder value.

In line with good corporate governance practices, Cyclopharm's Board continues to evaluate its skills and composition. In anticipation of US market entry and to support our plans to expand the use of Technegas™ beyond the PE market, the Board is considering appointing an additional director, with the requisite skills and experience in those markets, during 2021. The appointment will only be made following a thorough and rigorous selection process.

On behalf of the Board, I thank our Managing Director, all our staff and wider stakeholders for their commitment to the company and I thank you, the shareholders, for your continuing support.

David Heaney
Chairman

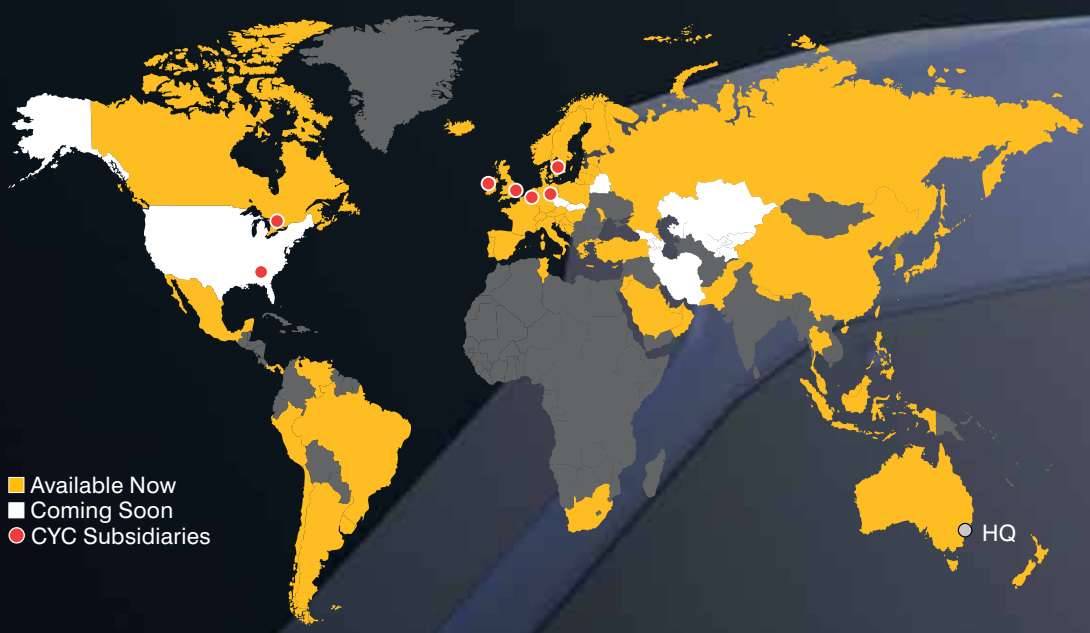
2020 Highlights

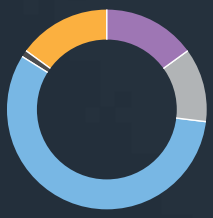


To date, Technegas™
has been used in over

4.3 million patient procedures globally

and Technegas™ is available
in over 60 countries





2020 Revenue by region

- 15% Asia Pacific (2019: 17%)
- 12% Canada (2019: 18%)
- 57% Europe (2019: 62%)
- 1% Rest of World (2019: 3%)
- 15% Third Party Sales

Opportunity

The market for nuclear medicine ventilation imaging for Pulmonary Embolism in the US is estimated to be approximately

US$180 million* annually

* The current addressable existing market of US$90 million plus the projected increase of pulmonary embolism imaging through nuclear medicine from 15% to 30% through the adoption of Technegas™ and Single Photon Emission Tomography (SPECT) 3-D imaging.

Photo: Atlanta, Georgia, USA Piedmont Park skyline in autumn

The process for approving Technegas™ sales in the United States is in its final stages.

Securing approval to sell Technegas™ in the US market is a significant opportunity for Cyclopharm. The USFDA's decision to conduct an in person site inspection of the company's manufacturing facility in Sydney in late March 2021 represents a significant step in the final approval process. In preparation for a rapid entry into the US market, early in H2 2020, the company has been investing to build inventory; sales capabilities and infrastructure.

Managing Director's Review

Cyclopharm delivered another solid financial performance in 2020 and we continue to make progress in executing on our growth objectives. These achievements are even more noteworthy given the disruption to medical procedures from the SARS-CoV-2 (COVID-19) pandemic, negatively impacting our core Technegas™ business, particularly in the first half of the year.

In 2020, Cyclopharm made progress against our four major strategies for growth.

1 Grow

Grow Technegas™ sales

We have worked closely with the United States Food and Drug Administration (USFDA) to advance the approval process to start sales of Technegas™ in the USA, which will create an opportunity to significantly grow the business.

We continued to add new markets for Technegas™, and now supply it to over 60 countries. During the year we increased direct customer access, establishing offices in Brussels, Belgium and Bristol, United Kingdom.

2 Expand

Expand the use of Technegas™ – Beyond PE

We have continued to invest in trials and support for clinicians to expand the use of Technegas™ beyond the traditional diagnosis of Pulmonary Embolism (PE) into chronic respiratory disease management which could deliver exponential growth.

3 Develop

Identify, develop and commercialise complementary innovative technology

We have also leveraged our operational infrastructure, regulatory resources and direct marketing capabilities to expand our third party distribution partnerships and create a valuable new revenue stream.

4 Leverage

Leverage our core strengths to seek out complementary technologies and businesses

Financial performance

In 2020, Cyclopharm generated total sales revenues of $14.68 million, with sales revenues from our core Technegas™ business rebounding strongly in the second half. Consumable revenues in the second half were $5.4 million, 45.9% higher than the first half, driven by the resumption of orders in all markets. The second half recovery was underpinned by improved patient processing procedures and availability of personal protection equipment (PPE) for health care workers that allowed imaging procedures to take place, following a global trend to delay them in response to COVID-19 in the first half.

It was also pleasing to see earnings from the distribution of third party products in the second half of $1.5 million, which helped establish a new revenue stream that contributed $2.2 million for the full year. Margins on our third party distribution revenues are lower than our core Technegas™ business but third party distribution is expected to be an ongoing source of complementary profits that will grow as we expand into new markets.

Cyclopharm recorded a loss before tax of approximately $5.84 million, an increase of $3.42 million on the prior year. This performance primarily reflects the ongoing investment required for Cyclopharm to meet global regulatory requirements and complete the USFDA approval process. The loss includes $0.6 million of foreign exchange losses linked to the timing of the payment and refund of the US$2.9 million USFDA New Drug application deposit.

Subsequent to the year end, in February 2021, Cyclopharm announced it had successfully raised $33.0 million via an oversubscribed institutional placement and retail share purchase plan (SPP). The placement and SPP were made at a discount of 10.2% to the Company's volume weighted average closing price of a Share traded on the ASX over the five trading days prior to the announcement of the capital raising.

The funds raised, after costs, will be used to support the rapid USA commercialisation of Technegas™ following USFDA approval, targeted in H2 2021. In addition, some of the proceeds will be selectively invested into new larger growth opportunities for Technegas™ in the Beyond PE respiratory medicine market as well as ongoing research and development activities; product and systems enhancement; and working capital.

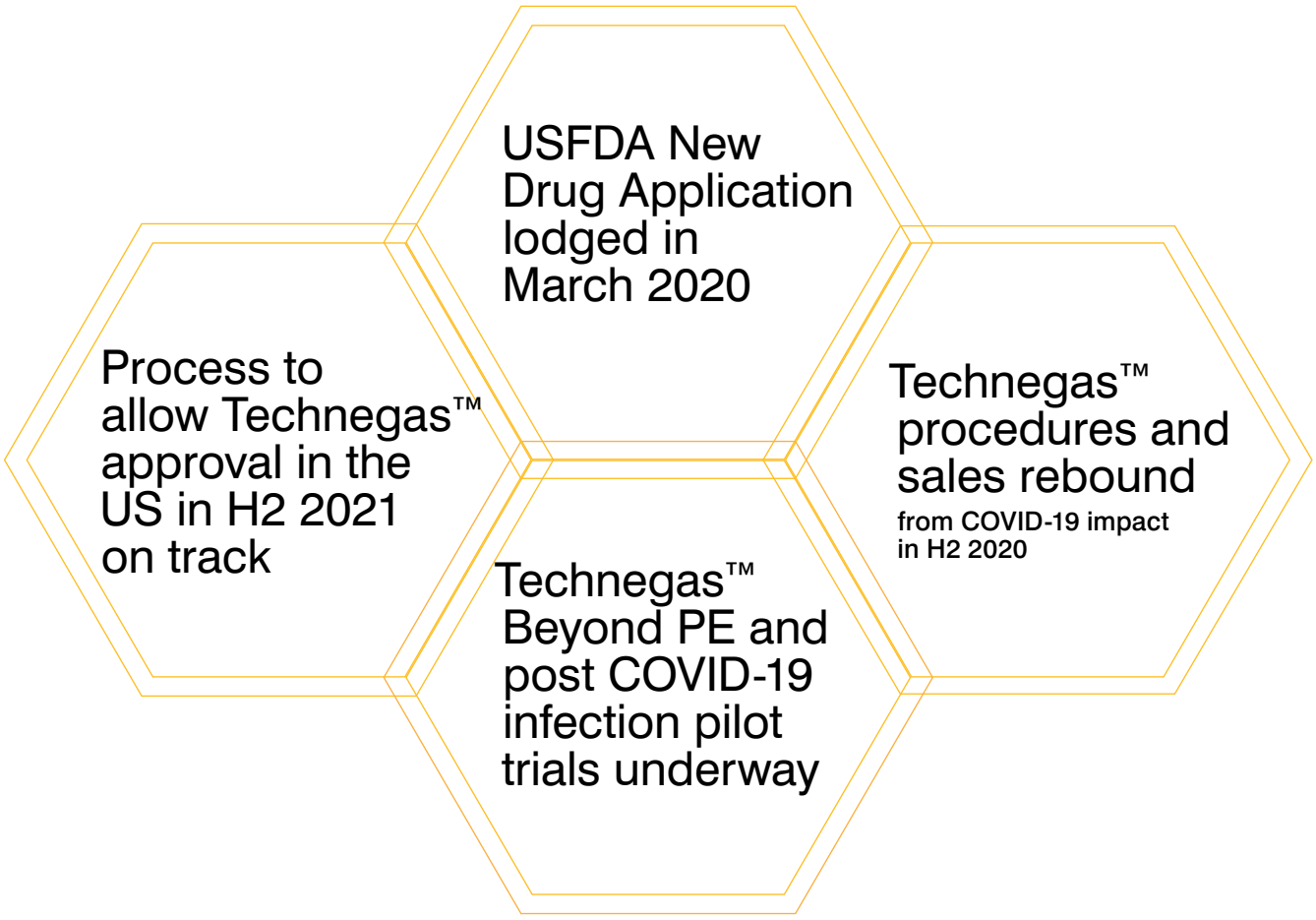
A portion of Cyclopharm's costs, associated with the Group's overseas research and development activity not able to be executed in Australia, have been approved for inclusion in an R&D Tax Incentive program administered by AusIndustry. This has allowed the Company to report other income of $3.0 million for the year compared to $2.9 million in 2019.

Investment in current USFDA approval program for Technegas™

Total to 31 December 2020: $12.71m

Managing Director's Review

2020 Operational highlights



Operations and strategy

During the year, we continued to successfully execute the Company's growth strategy while, as an essential service, we continued to supply our markets and prioritise employee safety and welfare.

1
Grow

Grow Technegas™ sales

Technegas™ sales in the first half declined in response to imaging procedures being postponed as healthcare providers around the global adapted to the COVID-19 pandemic. Whilst our forecast that sales would recover strongly in the second half was born out by a 51.4% increase compared to the first half, it was not sufficient to prevent a 12% decline in Technegas™ revenues for the full year to $12.35 million.

In total PAS sales fell by 860 units or 23.6%, however PAS revenues only fell 15% reflecting a more favorable sales mix towards more profitable regions. Generator sales fell by seven units or 12% with revenues down 6% reflecting the inclusion of generator services revenue.

Regional review

PAS sales declined in every region, however there was an increase in generator sales across the Asia Pacific region and the initiation of new third party sales of Rotop, TEMA and Draximage products, initially in Europe, supported a 3% increase in total sales.

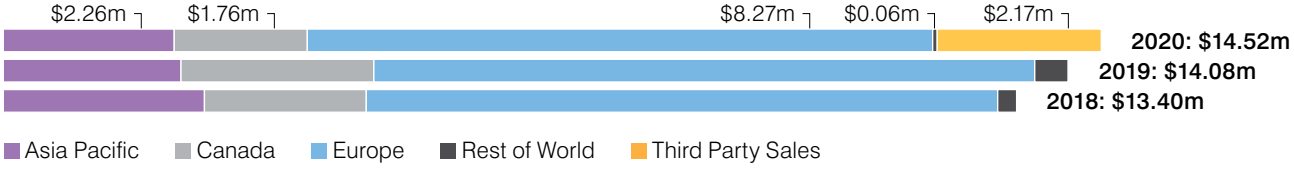
Canada returned as the largest country market by volume in 2020 with 696 PAS kits sold, down 23%, while generator sales declined by two to seven to give a 31% decline in total sales compared to the record performance in 2019.

The resumption of sales in France, 600 PAS kits sold, made it the biggest European market in 2020. PAS sales in Germany increased 22% compared to 2019, while PAS sales in Scandinavia were in line with the previous year. Overall sales of Technegas™ products and services in Europe declined 5%.

The Asia Pacific region delivered a resilient performance in 2020 with generator sales up by 30% to 10 units driven by three additional generator sales in Australia. Although PAS sales were down 15% to 642 the impact of COVID-19 masked a recovery in PAS sales following a fault at ANSTO's manufacturing facility which disrupted the supply of the Molybdenum-99 isotope, a key input into PAS kits.

In the Rest of the World region PAS sales in Latin America were down 74%, from 117 to 34, and generator sales declined 88%, from eight to one in 2020. In South Africa, PAS sales declined 73% from 56 to 15 in 2020, with no generator sales for the second year running.

Technegas™ division sales by region



Managing Director's Review

1 Grow

USFDA approval process

The most significant business opportunity for Cyclopharm is gaining USFDA approval to sell Technegas™ in the US market. The process for approving Technegas™ sales in the US is in its final stages.

Cyclopharm's Phase 3 trials to support its USFDA application for US market entry were confirmed to have met their Primary and Secondary Efficacy Endpoints in September 2020. The Company continues its ongoing positive dialogue with the USFDA and remains highly confident the approval process is on track to complete in H2 2021.

In March 2020 the USFDA announced, as a result of the COVID-19 pandemic, that it was suspending all onsite inspections. This announcement was updated in August 2020 when the FDA issued guidance that foreign pre-approval and for-cause inspection assignments that were deemed mission-critical would be considered for inspection on a case-by-case basis.[1]

The USFDA will be conducting a pre-approval inspection of Cyclopharm's manufacturing facility at Kingsgrove, NSW during the week commencing 29 March 2021. This audit is a critical step in the final approval process and the Company views it as an acknowledgement to the vital importance of Technegas™ to US patient care.

Clinical support for Technegas™ in the USA

During the course of 2020 and into 2021 Nuclear Medicine Physicians and Technologists have, independent of Cyclopharm, wrote to the FDA requesting it to expedite approval of Technegas™ for use in the US market. The correspondence underscores the observation that Technegas™ has a superior safety profile in relation to COVID-19 when compared to its peers.

In the most recent letter, dated January 2021, Nuclear Medicine Technologists requested 'Fast Track Approval' for Technegas™, stating "*We ask the FDA to finalize the approval of the Technegas™ application with utmost expediency to bring this ventilation agent with the least likelihood of spreading the virus to healthcare professionals supervising the performance of ventilation scintigraphy*". This unsolicited correspondence from frontline health-workers in the US supports the Cyclopharm Board's expectation there will be strong initial sales demand for Technegas™ following USFDA approval.

Clinical support correspondence

Date	Type
June 2020	77 Nuclear Medicine Physicians
November 2020	90 Nuclear Medicine Physicians
December 2020	102 Nuclear Medicine Technologists
January 2021	Society of Nuclear Medicine and Molecular Imaging representing over 16,000 members

1 Manufacturing, Supply Chain, and Drug and Biological Product Inspections During COVID-19 Public Health Emergency Questions and Answers (https://www.fda.gov/media/141312/download)

US Market entry and sales model

Over the course of 2020 Cyclopharm has been preparing for a rapid roll out of Technegas™ in the USA once USFDA approval has been achieved. The Company has grown its inventories by $2.2 million to $4.7 million at year end; pursued agreements for third party distribution, service and installation, and administrative support.

It is very important to note Technegas™ will be reimbursable by health insurers from day-one. Reimbursement for Technegas™ is based on established nuclear medicine procedures that are agnostic to the approved agents being used.

In order to accelerate entry into the US market, the Company plans to supply Technegas™ generators to US hospitals and generate revenues through an ongoing service model rather than upfront sales of generators. This approach removes the upfront capital expenditure processes and consequential time delays in adopting Technegas™.

Under the service model, Cyclopharm will retain ownership of the generators over their lifecycle and provide consumables, generator maintenance and operator training on an ongoing basis to hospitals, in return for a continuing, long duration service fee and consumable sales. This approach also allows Cyclopharm to adhere to the ongoing regulatory requirements for Technegas™, as a drug-device combination product, which is expected by the USFDA.

The financial impact of this model will result in Cyclopharm expanding the value of the plant and equipment on its balance sheet and replacing lumpy generator and consumables sales revenue with a more predictable and growing recurring revenue base over the generators' lifecycle.

The initial existing market for nuclear medicine ventilation imaging in the USA for pulmonary embolism alone is estimated to be approximately US$180 million annually and will be accessed in two stages. The first stage is the current addressable existing market of US$90 million, representing approximately 600,000 individual procedures. Based on Cyclopharm's experience in the Canadian market, it remains confident that Technegas™ can achieve a 50% share of the USA market over 2 to 3 years, post US market entry, with an 80% share achievable over a 5 to 7-year period.

The second stage will be increasing the pulmonary embolism diagnostic market imaged through nuclear medicine from 15% to 30%. In the USA, 85% of all imaging to rule out PE is performed with CTPA. Based on global experience, the unique properties of Technegas™ and the reliability of imaging outcomes enabled by our product, it is projected that the USA nuclear medicine market will adopt the 3-D imaging technique referred to as Single Photon Emission Tomography (SPECT) as opposed to the current 2-D imaging or Planar Imaging predominantly being used in the USA. SPECT imaging provides superior outcomes to both Planar and CTPA in the diagnosis of PE.

In parallel with the clinical elements of our USFDA New Drug Application, Cyclopharm is implementating an updated Quality Management System including an Electronic Management System (EQMS) at our manufacturing facility in Sydney. Furthermore, the Company has initiated a comprehensive documentation review of both our medical devices and pharmaceutical products to ensure Cyclopharm meets the compliance requirements of the most recent USFDA guidelines as well as the new International Medical Device Single Audit Program (MDSAP) implemented in 2019 and upcoming compliance with European Medical Device Regulations (MDR) that will be effective as of 2021.

Managing Director's Review

2
Expand

Expand the use of Technegas™ – Beyond PE

Cyclopharm is confident that the extension of Technegas™ into new applications Beyond PE, such as the diagnosis and monitoring of COPD, asthma and other respiratory disease states, will create opportunities to materially expand the market for Technegas™ and drive shareholder value over the medium term.

Technegas™ remains the recognised functional ventilation imaging agent used in diagnosing Pulmonary Embolism as referenced in both the recently published Canadian Association of Nuclear Medicine Guidelines[2] and the updated 2019 European Association of Nuclear Medicine Guidelines[3]. Both guidelines also reinforce superior outcomes from the use of Technegas™ for nuclear medicine imaging in patients with COPD.

Cyclopharm estimates the global COPD market is approximately 30 times the size of the PE market and over 500 million patients suffering with COPD and Asthma could benefit from the use of Technegas™ in diagnosis and ongoing patient monitoring/management. Cyclopharm is involved with several Beyond PE clinical research projects using Technegas™ in a range of respiratory diseases. Patient recruitment for these research initiatives slowed during the first half of 2020 and in some cases research trials were put on hold in response to COVID-19. The Company understands these trials have recommenced.

In 2020 we invested over $170,000 in Beyond PE trials, which follows on from approximately $350,000 in 2019.

In addition, the Company has received enquiries from several third parties in the USA interested in conducting trials on Technegas™, including with patients who had contracted COVID-19. Advancing these initiatives could expand the use of Technegas™ by improving the diagnosis and management of patients with COPD; other small airways diseases and those who are recovering from COVID-19 related lung injuries.

Investment in Beyond PE trials

Cyclopharm's Beyond PE research projects

Study	Indication	Status: 1 February 2021
CYC-009	Ventilation comparison of Technegas™ vs Xe133	Primary and secondary endpoints met. Results reported September 2020.
HMRI	Asthma/COPD	Fully recruited 100 patients. First publication pending.
McMasters University	Lung resection surgery	Recruitment resumed. 19 of 115 patients recruited.
	COVID-19 related lung ventilation and perfusion injury	Recruiting. 25 of 92 patients recruited.
CHUM	COPD	Recruitment resumed. 4 of 30 patients recruited.
Woolcock Institute	Asthma/COPD	5 of 70 patients recruited.
Dalhousie University	Lung transplant complications	Recruitment resumed. 12 of 30 patients recruited.

2 Leblanc et. Al. CANM Guidelines for Ventilation/Perfusion (V/P SPECT) In Pulmonary Embolism. November 2018

3 Bajc et. Al. EANM guideline for ventilation/perfusion single-photon emission computed tomography (SPECT) for diagnosis of pulmonary embolism and beyond. European Journal of Nuclear Medicine and Molecular Imaging. July 2019. https://doi.org/10.1007/s00259-019-04450-0

3
Develop

Commercialising new technologies – Ultralute™

Ultralute™ is a proprietary technology, developed and owned by Cyclopharm, which allows nuclear medicine departments to increase the productivity of their Technetium 99m generators by up to 50%.

Cyclopharm is currently seeking to register Ultralute™, in Europe, as a medical device to support better acceptance of this new first-in-class technology. A change in European Union regulations requiring recertification of existing medical devices has created a significant backlog of medical device applications awaiting registration. The Company does not anticipate Ultralute™ receiving registration in Europe in 2021, but remains confident of its ultimate revenue potential.

4
Leverage

Leverage core strengths – third party distribution

Cyclopharm has leveraged its regulatory expertise and operational footprint to secure third party distribution agreements in Europe, following the acquisition of certain of the Company's European distributors.

In 2020 we commenced sales with TEMA Sinergie based in Italy, ROTOP Pharmaka based in Germany and Jubilant Draximage Inc of Canada; generating $2.2 million of revenue at solid margins.

Third party distribution revenues

2020: $2.2 million

Managing Director's Review

Molecular Imaging Division

Cyclopet Business Venture Collaboration

In late 2019, a business venture collaboration agreement between Cyclopharm, Pettech Solutions Limited, a wholly owned subsidiary of the Australian Nuclear Science and Technical Organisation (ANSTO) and Cyclotek Aust Pty Ltd was executed. The collaboration combined CycloPet and Pettech's cyclotron facilities under a single operating enterprise known as Cyclotek NSW Pty Ltd with the aim of realising the inherent value of Cyclopharm's legacy Cyclotron assets both to generate profits and contribute to enhanced health outcomes for the Australian community.

During the year, Cyclotek NSW Pty Ltd made a $0.15 million positive contribution to the Group's results.

Macquarie Medical Imaging

Cyclopharm continues to maintain its 20% equity ownership in Macquarie Medical Imaging (MMI). It is anticipated that MMI will be de-registered upon the finalisation of its accounts payable and receivables.

Ongoing litigation

Cyclopharm continues to defend its valuable Intellectual Property vigorously and successfully. In 2019, the company successfully brought an initial civil case against its former employee in the German market, Mr Bjorn Altmann and Almedis Altmann GmbH (Almedis).

In 2020, further actions were launched in both German and Australian courts. Favourable progress is being made in both jurisdictions and the Board remains confident that it will achieve successful outcomes from these actions in 2021.

Leadership Team

Cyclopharm has, over several years, been building the team to take advantage of the transformational opportunity the expected entry into the US market in 2021 represents. We have gathered some of the best talent in the industry, whether that be through internal appointments such as Peter Wynne, our Operations Manager or attracting external talent with the appointment, in 2017, of Chief Operating Officer Mathew Farag.

The management team has been further strengthened with the appointments in 2019 of Niamh McAree as Head of Quality and Regulatory, Dr. Mark Doverty as Global Head of Regulatory Compliance and Clinical Research, Sally Ann Cornelius as Head of Sales and Chris Quinn as Head of Service.

The breadth and depth of experience and the complementary skills across the Cyclopharm management team will ensure we can rapidly take advantage of entry into the US market and the opportunities that will flow from our Beyond PE initiatives.

Summary and outlook

Cyclopharm's ability to deliver record revenues, despite the global pandemic, validates our decision to take control of our distribution arrangements in Europe allowing for the creation of new revenue streams from 3rd party distribution agreements and also the clinical importance of Technegas™ in the fight against COVID-19.

During 2020 we maintained our focus on securing approval from the USFDA to commence sales of Technegas™ in the US market, while also supporting clinical trials to advance our Beyond PE strategy and delivered solid sales and earnings that support our ability to maintain dividend payments.

Revenue from Technegas™ generator and PAS sales in existing markets is expected to continue to rebound in 2021. Third party distribution revenues are also expected to grow as we initiate distribution in Australia.

Securing approval to sell Technegas™ in the US market is a significant opportunity for Cyclopharm. The USFDA's decision to conduct an in-person site inspection of the company's manufacturing facility in Sydney in April 2021 represents a significant step in the final approval process. In preparation for a rapid entry into the US market, early in H2 2021, the company has been investing to build inventory; sales capabilities and infrastructure.

Cyclopharm is also progressing the Company's Beyond PE strategy with multiple studies underway to demonstrate Technegas'™ potential as a diagnostic tool that can be deployed in the treatment of conditions such as Chronic Obstructive Pulmonary Disease (COPD). Cyclopharm's view is our Beyond PE initiatives have the potential to significantly expand Technegas'™ revenue and profitability over the medium to longer term in indications valued at US $900 million per annum.

In anticipation of US market entry and recognition of the ongoing work to expand the use of Technegas™ Beyond PE, the Board is considering appointing an additional director to bring additional skills and experience to support both opportunities during 2021. No final decision has been made regarding such appointment, and an appointment will only be made following a thorough and rigorous selection process.

In February 2021 Cyclopharm completed a highly successful institutional placement and retail share purchase plan (SPP) that raised $33.0 million. The Company will use this additional capital to support the rapid USA commercialisation of Technegas™ following expected USFDA approval in H2 2021. The funds will also be used selectively to support the Beyond PE strategy designed to allow Cyclopharm to access new larger growth opportunities.

The combination of the Company's resilient financial performance and successful capital raising in February 2021 means we are fully funded, have a strong capital position and are able to maintain a consistent dividend policy. In this regard the final dividend was maintained at 0.5 cents per share (cps), giving a total dividend for 2020 of 1.0 cps.

Finally, I thank all my colleagues, the Cyclopharm Board and the entire global team, who collectively have contributed to the growth of the Company over recent years. On behalf of the Cyclopharm management team, with the ongoing support of the Board, we are absolutely committed to delivering positive health outcomes for our patients and growing financial rewards to our shareholders.

James McBrayer
Managing Director

Directors' Report

David Heaney

Non Executive Chairman (Independent)

Mr Heaney was appointed to the Cyclopharm Board on 20 November 2006 and is currently the Chairman of Cyclopharm and Chairman of the Remuneration and Board Nomination Committees. He was formerly Chairman of the Audit and Risk Committee until 28 February 2019.

Mr Heaney served as a non-executive director of Colorpak Limited from February 2004 until May 2016 and has also previously been a non-executive director of several other listed and non-listed companies.

Mr Heaney has more than 40 years experience in all aspects of wholesale banking and finance, gained in senior management roles with National Australia Bank Limited and subsidiary companies in both Australia and the US.

James McBrayer

Managing Director and Company Secretary

BSPharm, GDM, FAICD, AIM

Mr McBrayer has been a member of the Board since 3 June 2008 at which time he accepted the role of Managing Director. Mr McBrayer serves as a member of the Board Nominations Committee.

Mr McBrayer has more than 30 years experience in nuclear medicine and is a trained Nuclear Pharmacist. Mr McBrayer held the role of Managing Director at Lipa Pharmaceuticals, Australia's largest contract manufacturer of over-the-counter products and senior management positions with Brambles Cleanaway business and Syncor, the world's largest radioactive diagnostic and therapeutic pharmaceutical provider.

Company Secretary
Mr McBrayer was appointed as Company Secretary on 25 March 2011.

Tom McDonald

Non Executive Director (Independent)

B.Com, FCPA

Mr McDonald was appointed to the Board on 3 April 2017 and has been appointed Chairman of the Audit and Risk Committee effective 1 March 2019. He holds a Bachelor of Commerce from UNSW and is a Post Graduate of University of Technology Sydney in Business Finance. He is a Fellow of CPA Australia, a member of the Australian Institute of Company Directors, an Associate with the Governance Institute Australia and Associate of Chartered Governance Institute (UK).

Mr McDonald has more than 30 years experience in the pharmaceutical and technology industries and has held global senior executive roles with international biotech Beckman Instruments Inc, with roles based in USA and Asia Pacific.

Mr McDonald currently does not hold any other listed directorships but has previously served as a non-executive director of ASX-listed FE Investments Group Limited (finance) and ASX-listed Wolfstrike Group Limited (technology). He has also previously held senior positions with ASX-listed Allomak Limited, CK Life Sciences Int'l Inc., ASX-listed LIPA Pharmaceuticals Limited and ASX-listed Keycorp Limited.

The Directors of Cyclopharm submit their report for the year ended 31 December 2020.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows.

- Mr D J Heaney
- Mr J S McBrayer
- Mr T A McDonald

The qualifications, experience and special responsibilities of the Directors are provided on page 18. Directors were in office for this entire year unless otherwise stated.

Directors' Interests

Interests in the shares and options of the Company and related bodies corporate.

The number of ordinary Cyclopharm shares and options on issue held directly, indirectly or beneficially, by Directors, including their personally-related entities as at the date of this report is as follows:

		As at report date	
	Interest	**No. of shares**	**No. of options**
Directors			
Mr D J Heaney	BI	244,500	–
Mr J S McBrayer	BI	5,109,580	200,000
Mr T A McDonald	NBI	57,592	–
		5,411,672	**200,000**

BI: Beneficial interest
NBI: Non beneficial interests

Dividends

On 25 February 2021, the Directors declared a final unfranked dividend of 0.5 cents per share in respect of the financial year ended 31 December 2020, to be paid on 13 April 2021 to those shareholders registered on 6 April 2021. An interim unfranked dividend of 0.5 cents per share was paid on 14 September 2020.

A final unfranked dividend of 0.5 cents per share in respect of the financial year ended 31 December 2019 was paid on 7 April 2020.

The balance of franking credits available for future dividend payments is $1,059.

Principal Activities

During the year, the principal activities of the consolidated entity consisted of the manufacture and sale of medical equipment and radiopharmaceuticals, including associated research and development. Distribution of third-party products to the diagnostic imaging sector commenced during the current financial year.

Other than the above, there were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

Directors' Report

Operating and Financial Review

Operating Results for the Year

For the financial year, Cyclopharm recorded a consolidated loss after tax of $6,043,636. Loss after tax from the operations of the Technegas™ division was $6,053,767.

Technegas™ divisional revenue of $14,523,071 was 3.2% higher than the previous year (2019: $14,078,801) with $2,173,227 from a new revenue stream distributing third party products to the diagnostic imaging sector.

Technegas™ division Loss Before Tax of $5,983,277 (2019: $3,170,891) recorded an unfavourable variance of $2,812,386 impacted by higher employee benefits expense of $7,852,257 (2019: $5,475,889) associated with ongoing investment in human capital to ensure compliance to the most recent USFDA guidelines and meet global regulatory requirements. USFDA clinical trial costs totalling $3,311,715 (2019: $3,841,534) also contributed to the Technegas™ division Loss Before Tax.

Cyclopet recorded a Profit Before Tax of $139,168 to the group (2019: $745,948) in the absence of the previous year's one-off rent abatement of $976,044 pursuant to the execution of a business transfer agreement resulting in Macquarie University taking over the operations of the imaging services provided by Macquarie Medical Imaging, an associate of Cyclopet.

Financial Position

Net assets decreased to $17,115,850 at 31 December 2020 (2019: $23,203,945) principally due to a net loss of $6,043,636.

Cashflow used in operations of $8,934,868 supported ongoing investment in USFDA and pilot clinical trials. Net cash balance was $1,874,285 at 31 December 2020.

Further details of Cyclopharm's Operating and Financial Review are set out on pages 9 to 17 of the Managing Director's Review.

Significant Changes in State of Affairs

Shares Issued during the Year

(i) 1,045,000 Long Term Incentive Plan shares were issued on 4 May 2020,
(ii) 1,015,500 shares comprising 757,750 LTIP shares and 257,750 ordinary shares were issued on 24 July 2020, and
(iii) 24,443 expired LTIP shares were cancelled on 5 May 2020.

There were no other shares issued and cancelled during the year.

Options Issued during the Year

No options were issued and cancelled during the year.

Other than as set out above, there were no significant changes in the state of affairs of the Cyclopharm Group during the year.

Significant Events after Balance Date

Final Dividend

On 25 February 2021, the Directors declared a final unfranked dividend of 0.5 cents per share in respect of the financial year ended 31 December 2020, payable on 13 April 2021.

Shares Issued

(i) On 1 February 2021, 11,538,462 ordinary shares were issued at a price of $2.60 per new share in connection with an institutional share placement.
(ii) On 19 February 2021, 1,153,847 ordinary shares were issued at a price of $2.60 per new share in connection with a share purchase plan to eligible shareholders and 408,059 LTIP shares were issued at an exercise price of $3.20 per share.

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

Likely Developments and Future Results

Technegas™

The opportunities for developing additional Technegas™ indications, particularly for asthma and COPD, will continue to be a key priority. If successful, there is significant potential to expand Technegas' revenue and profitability over the medium to longer term.

The Directors maintain their view that FDA approval to sell Technegas™ into the USA market provides Cyclopharm with the opportunity to significantly expand its sales and profitability. The USFDA Office of Regulatory Affairs, Office of Pharmaceutical Quality Operations have confirmed that they will conduct an onsite pre-approval audit of the Company's manufacturing facility located at Kingsgrove, NSW during the week commencing 29 March 2021.

We anticipate a successful conclusion to the Phase 3 USFDA clinical trial of Technegas™ with approval for sales and USA commercialisation in 2021. As the USFDA approval process moves forward, the Directors advise that additional expenditure on the USFDA trials will continue to be expensed until approval is achieved. Significant investments will also be made to build our inventory reserves, sales capabilities and infrastructure to facilitate rapid market entry in the USA, following the anticipated USFDA approval.

Molecular Imaging

In December 2019, a business venture collaboration agreement between the Company, Pettech Solutions Limited a wholly owned subsidiary of the Australian Nuclear Science and Technical Organisation ('ANSTO') and Cyclotek was executed. The collaboration combines CycloPet and Pettech's cyclotron facilities under a single operating enterprise known as Cyclotek NSW.

With Cyclotek NSW Pty Ltd's commencement of operations in 2020, Cyclopharm has benefited from eliminating an ongoing non-productive lease expense and gained access to an income stream from what was a suspended business. Additionally, outcomes from Cyclotek NSW's R&D and commercial activities will provide for additional opportunities via the international commercial rights to IP developed.

Ultralute™

Cyclopharm is currently seeking to register Ultralute™, in Europe, as a medical device to support better acceptance of this new first in class technology. As previously advised, following a change in European Union regulations requiring recertification of existing medical devices, there is now significant backlogs of medical device applications awaiting registration. Consequently, the Company does not anticipate Ultralute™ receiving registration in Europe in 2021 but remains confident of its ultimate revenue potential.

Further details are set out on page 15 of the Managing Director's Review.

Material Business Risks

The Directors have identified the following material business risks which may, if they eventuate, substantially impact on the future performance of the Cyclopharm Group, along with its approach to managing these risks. The risk factors listed below are not exhaustive. Additional risks may also adversely affect the financial performance of Cyclopharm.

Competition

To date, Cyclopharm has demonstrated that it can compete effectively in the medical equipment/drug market in Australia and many other parts of the world.

The medical equipment/drug industry is very competitive and characterised by large international companies supplying much of the global market requirements. The emergence of new and/or unauthorised generic technologies could in certain circumstances make the Technegas™ System redundant or negatively impact on the Cyclopharm Group's plans to develop its Ultralute™ business.

Accordingly, there is a business risk in that Cyclopharm's key revenue source from the Technegas™ System could be severely disrupted or reduced. There are products that do compete with Technegas™, in particular Computed Tomography and DTPA. These products could replace Technegas™ and therefore negatively impact Cyclopharm Group's revenue and profitability. The Directors note that the lengthy periods it takes to achieve regulatory approval and gain medical practitioners' approval and acceptance of new or generic products, Cyclopharm Group's reputation for timely and quality service, the safety record of Technegas™ and its competitive pricing, mitigate these risks.

In addition, the Cyclopharm Group's business plan and stated strategy is to continue to develop sales in new and existing international markets and to develop new diagnostic purposes for Technegas™.

Reputation

The performance of Cyclopharm Group's products is critical to its reputation and to its ability to achieve market acceptance of these products. Any product failure could have a material adverse effect on Cyclopharm Group's reputation as a supplier of these products. Technegas™ has had no contraindications or adverse patient events since the commencement of sales.

COVID-19

In many markets around the world, imaging procedures continue to be temporarily delayed. The Directors believe that any delays in the use of Technegas™ in non-critical procedures are short term and are expected to rebound once restrictions are fully lifted.

Directors' Report

Disruption of Business Operations

As a manufacturer, the Cyclopharm Group is exposed to a range of operational risks relating to both current and future operations. Such operational risks include supply chain disruptions, equipment failures, IT system failures, external services failure (including energy supply), industrial action or disputes and natural disasters. If one or more such operational risks materialize, they may have an adverse impact on the operating and financial performance of Cyclopharm.

Reliance on Distributors/Loss of key customers

The Cyclopharm Group operates through a series of contractual relationships with customers, suppliers, distributors and independent contractors. To date, the Cyclopharm Group has generally provided products and services on the basis of tenders submitted to customers, followed by purchase orders incorporating the customer's standard terms and conditions of trade as a condition of the acceptance.

Cyclopharm Group maintains a spread of customers through direct and indirect sales channels. The loss of a major distributor could have a significant, adverse impact on Cyclopharm's projected earnings. The majority of sales through distributors or agents are managed through contractual arrangements. Whilst the Cyclopharm Group has distribution agreements in place, some may be terminated by the distributor with up to six months' notice prior to the expiration of the current terms (which vary). Other sales arrangements are not in writing and depend on the ongoing goodwill of the parties. The Directors are concerned to ensure that all such relationships are formalised.

All contracts, including those entered into by the Cyclopharm Group, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations or that these contractual relationships may be terminated.

Cyclopharm's financial result could be adversely affected by the loss of large customers, a change in the terms of business with a large customer, or by such customers not adequately or fully complying with their respective contractual rights and obligations. However, the risks are mitigated by the existence of numerous alternatives available given that Technegas™ is a highly sought after product.

Currency and Exchange Rate Fluctuations

The financial contribution to the Cyclopharm Group of the Technegas™ System will depend on the movement in exchange rates between the Australian dollar and a number of foreign currencies, particularly the Euro.

The exchange rate between various currencies may fluctuate substantially and the result of these fluctuations may have a material adverse impact on Cyclopharm's operating results and financial position. In the long term, Cyclopharm's ability to compete against imported products may be adversely affected by an expectation of a sustained period of a high Australian dollar that would reduce the Cyclopharm Group's price competitiveness.

The majority of the Cyclopharm Group's operational expenses are currently payable in Australian dollars. The Cyclopharm Group also supplies its product to overseas markets and hence is exposed to movements in the A$ exchange rate. The Cyclopharm Group does not enter into forward exchange contracts to hedge its anticipated purchase and sale commitments denominated in foreign currencies. As such, Cyclopharm is exposed to exchange rate fluctuations.

Doing Business Internationally

As the Cyclopharm Group is and will continue operating in numerous countries, the Cyclopharm Group will be exposed to risks such as unexpected changes in regulatory requirements (including taxation), longer payment cycles, problems in collecting debts, fluctuation in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds and potentially adverse tax consequences, all of which could adversely impact on Cyclopharm.

The Cyclopharm Group currently requires, and in the future may require further, licenses to operate in foreign countries which may be difficult to obtain and retain depending on government policies and political circumstances.

Regulatory

Future expansion of Cyclopharm's range of products and services may be governed by regulatory controls in each target market and it is not possible for Cyclopharm to guarantee that approvals in all target markets will be obtained and maintained in the future.

The Technegas™ System is required to be registered with the relevant regulatory bodies in each country or relevant jurisdiction. If for any reason such product registrations are withdrawn, cancelled (or otherwise lose their registered status) or are not renewed, it may have a significant effect on the sales of products which rely on them in the relevant country or countries.

The manufacture of Technegas™ does not involve the emission of any environmentally sensitive materials and the Cyclopharm Group is not required to hold any environmental licence or consent under the *Environmental Protection Act* (Cth). However, in order to expand the Company's research and development capabilities, in 2018, Cyclopharm secured a Radiation Management Licence from the NSW EPA to sell, possess or store regulated materials.

It is possible that licensing requirements could change with the development of new products and any additional regulatory requirements could impact upon the profitability of the group.

The Cyclopharm Group has obtained:

- a listing on the Australian Register of Therapeutic Goods Register for the Technegas™ generator and the patient administration set (radio-aerosol set);
- two separate CE Mark approvals for the device elements TechnegasPlus Technegas™ generator and patient administration set (PAS) of the Technegas™ System in EU;
- a marketing authorisation for the Pulmotec carbon crucible, which is the drug (medicine) aspect of Technegas™ in EU; and
- a Medical Device Single Assessment Program (MDSAP) certificate and operates a Quality Management System which has been assessed as complying complies with the requirements of ISO13485:2016 for the design, manufacture, installation and repair service of the Technegas™ System.

Ongoing regulatory audits/inspections are necessary for the retention and re-certification of the above-named certificates/licences for continued international distribution of the Technegas™ System.

Audits of the Kingsgrove manufacturing premises by the Australian Government's Therapeutic Goods Administration and the British Standards Institute (a European Notified Body), along with other regulatory bodies required to market Technegas™ have been successfully completed in 2020.

Cyclopet Pty Limited, which is involved in the operations of the cyclotron, is subject to significant environmental regulations under the Radiation Control Act, 1990 by the Department of Environment, Climate Change and Water.

Intellectual Property Rights

The Cyclopharm Group's success may be affected by its ability to maintain patent protection for products and processes, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties.

Patents

Unless challenged, the validity of a patent or trademark may be assumed. Any patent or trademark may be challenged on a number of grounds but the onus is on the party seeking revocation to establish those grounds.

All patents and trademarks require renewal at regular dates and if not renewed will expire. It is the Cyclopharm Group's practice to renew its patents and trademarks as required. The Directors note that whilst some patents have expired or have not been renewed, or remain to be transferred or licensed to Cyclopharm Group companies, there remains sufficient protection in these countries through other patent arrangements in place or being put in place.

The validity and breadth of claims covered in patents involve complex legal and factual questions and therefore may be highly uncertain. No assurance can be given that the pending applications will result in patents being issued, that such patents or the current patents will provide a competitive advantage or that competitors of the Cyclopharm Group will not design around any patents issued. Further, any information contained in the patent applications will become part of the public domain, so that it will not be protected as confidential information. As legal regulations and standards relating to the validity and scope of patents evolve, the degree of future protection of the Cyclopharm Group's proprietary rights is uncertain. However, those regulations and standards in the field of nuclear medicine (in which the Cyclopharm Group's technology resides) are relatively well established and non-controversial.

Directors' Report

Environmental Regulations

Cyclopet Pty Limited, a member of the consolidated group's operations is subject to significant environmental regulations under the Radiation Control Act, 1990 by the Department of Environment, Climate Change and Water. The Board believe that the consolidated group has adequate systems in place for the management of its environmental requirements as they apply to the consolidated group.

Retirement, Election and Continuation in Office of Directors

In accordance with the Company's Constitution, all Directors have been elected by members at the Annual General Meeting (AGM) with the exception of Mr McBrayer. Mr McBrayer was appointed as Managing Director on 3 June 2008 and under the Constitution is exempt from election by members.

Indemnification and Insurance of Officers

In accordance with clause 49.1 of Cyclopharm's constitution and section 199A of the *Corporations Act 2001* the Company has resolved to indemnify its Directors and Officers for a liability to a third party provided that:

1. the liability does not arise from conduct involving a lack of good faith; or
2. the liability is for costs and expenses incurred by the Director or Officer in defending proceedings save as not permitted by law.

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors against legal costs incurred in defending proceedings for conduct involving:

a) a wilful breach of duty; or
b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid for the year ending 31 December 2020 is $31,397 (for the year ended 31 December 2019: $25,761).

The Officers of the Company covered by the insurance policy include the Directors, the Company Secretary and Executive Officers. The indemnification of the Directors and Officers will extend for a period of at least 6 years in relation to events taking place during their tenure (unless the *Corporations Act 2001* otherwise precludes this time frame of protection).

The liabilities insured include costs and expenses that may be brought against the Officers in their capacity as Officers of the Company that may be incurred in defending civil or criminal proceedings that may be brought against the Officers of the Company or a controlled entity.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 33.

Fees of $38,170 (2019: $38,784) have been paid for share registry services and fees of $30,771 (2019: $15,448) for taxation services to an associate of Nexia Sydney Audit Pty Ltd for the year ended 31 December 2020 for non-audit related services. The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an auditor of the Company or any related body corporate.

Remuneration Report (Audited)

The Remuneration Report outlines the director and executive remuneration arrangements of the Company and the group and the remuneration disclosures required in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the group, directly or indirectly, including any Director (whether executive or otherwise) of the parent Company.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives, general managers and secretaries of the parent and the group.

Director and Executive Remuneration Table

	Short-term employee benefits			Post employment benefits	Other long-term benefits	Share-based payment	Total	Perform-ance related
Consolidated	**Salary and Fees $**	**Cash Bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**$**	**$**	**$**	**%**
2020								
Directors								
David Heaney Non-Executive Director	75,559	–	–	–	–	–	75,559	0%
Tom McDonald Non-Executive Director	53,971	–	–	–	–	–	53,971	0%
Executive Director								
James McBrayer* Managing Director	406,251	50,000	–	41,835	37,840	650,662	1,186,588	59%
Total Directors' Compensation	535,781	50,000	–	41,835	37,840	650,662	1,316,118	53%
Key Management Personnel								
Mathew Farag Chief Operating Officer	292,600	–	–	27,797	4,883	63,822	389,102	16%
Total Key Management Personnel's Compensation	292,600	–	–	27,797	4,883	63,822	389,102	16%
Total Compensation	828,381	50,000	–	69,632	42,723	714,484	1,705,220	45%

* Mr McBrayer is employed on a rolling contract and his bonus, up to a maximum of $50,000, is based on achieving certain benchmarks and targets, which in the absence of any formal agreement will default to achieving the budgeted underlying operating EBITDA approved by the Board of Directors effective 2017.

Directors' Report

Director and Executive Remuneration Table

	Short-term employee benefits			Post employ-ment benefits	Other long-term benefits	Share-based payment	Total	Perform-ance related
Consolidated	**Salary and Fees $**	**Cash Bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**$**	**$**	**$**	**%**
2019								
Directors								
David Heaney Non-Executive Director	72,709	–	–	–	–	–	72,709	0%
Vanda Gould* Non-Executive Director	47,303	–	–	–	–	–	47,303	0%
Tom McDonald Non-Executive Director	51,935	–	–	–	–	–	51,935	0%
Executive Director								
James McBrayer** Managing Director	341,198	50,000	–	35,929	6,616	319,618	753,361	49%
Total Directors' Compensation	**513,145**	**50,000**	**–**	**35,929**	**6,616**	**319,618**	**925,308**	**40%**
Key Management Personnel								
Mathew Farag Chief Operating Officer	269,858	30,000	–	28,487	–	40,200	368,545	19%
Total Key Management Personnel's Compensation	**269,858**	**30,000**	**–**	**28,487**	**–**	**40,200**	**368,545**	**19%**
Total Compensation	**783,003**	**80,000**	**–**	**64,416**	**6,616**	**359,818**	**1,293,853**	**34%**

* Mr Gould ceased as a member of the Board on 27 November 2019 following his disqualification from serving as a director by reason of section 206B(1)(b)(ii) of the *Corporations Act 2001*.

** Mr McBrayer is employed on a rolling contract and his bonus, up to a maximum of $50,000, is based on achieving certain benchmarks and targets, which in the absence of any formal agreement will default to achieving the budgeted underlying operating EBITDA approved by the Board of Directors effective 2017.

Details of Managing Director and Key Management Personnel's Share-based payments 2020

Name	Number of LTIP shares granted	Fair Value at grant date	Exercise price per LTIP share scheme	Amount payable – limited recourse loan	Term	Expiry date	Performance Hurdle
Mathew Farag	250,000	$0.153	$1.550	$387,500	3 years	1/7/2021	Approval of Technegas' use and distribution in the United States by the United States Food and Drug Administration (USFDA)
Mathew Farag	250,000	$0.153	$1.550	$387,500	3 years	1/7/2021	Continuous employment with the Cyclopharm Group until 31 March 2021
Other non-Key Management Personnel	200,000	$0.318	$1.500	$300,000	2 years	29/5/2021	The USFDA has approved the use and distribution of Technegas in the United States and continuous employment with the Cyclopharm Group until 23 May 2021
James McBrayer (options)	200,000	$1.310	$0.000	$0	6 years	31/7/2025	The Company receiving approval from the USFDA for the distribution of Technegas products in the United States
Other non-Key Management Personnel	215,000	$0.308	$1.220	$262,300	2 years	3/5/2022	Continuous employment with the Cyclopharm Group until 30 April 2022
Mathew Farag	500,000	$0.380	$1.220	$610,000	3 years	3/5/2023	50% on approval by the USFDA on the use and distribution of Technegas in the United States and 50% upon continuous employment with the Cyclopharm Group until 30 April 2023
Other non-Key Management Personnel	330,000	$0.380	$1.220	$402,600	3 years	3/5/2023	1. 25% on achievement of 2020 revenue and gross margin budget, 25% on achievement of 2021 revenue and gross margin budget and 50% upon continuous employment with the Cyclopharm Group until 30 April 2023 2. USFDA approval and continuous employment with the Cyclopharm until Group 30 April 2023
James McBrayer	500,000	$0.315	$1.830	$915,000	1.85 years	31/5/2022	Continuous employment with the Cyclopharm Limited as Managing Director for 2 years until the Annual General Meeting held in 2022
	2,445,000			**$3,264,900**			
Vested but unexercised during the year							
James McBrayer	1,721,554	$0.061	$0.900	$1,549,399	5 years	9/5/2022	
James McBrayer	269,614	$1.065	$0.000	$0	2.41 years	9/5/2022	
James McBrayer	257,750	$1.410	$0.000	$0	1.80 years	9/5/2022	
Mathew Farag	225,000	$0.196	$0.900	$202,500	5 years	18/4/2025	
Other non-Key Management Personnel	41,318	$0.061	$0.900	$37,186	5 years	31/8/2022	
Other non-Key Management Personnel	75,000	$0.270	$1.200	$90,000	5 years	25/7/2023	
	2,590,236			**$1,879,085**			

Directors' Report

Details of Managing Director and Key Management Personnel's Share-based payments 2019

Name	Number of LTIP shares granted	Fair Value at grant date	Exercise price per LTIP share scheme	Amount payable – limited recourse loan	Term	Expiry date	Performance Hurdle
Mathew Farag	225,000	$0.196	$0.900	$202,500	3 years	18/4/2020	Continuous employment with the Cyclopharm Group until 22 January 2020
Mathew Farag	250,000	$0.153	$1.550	$387,500	3 years	1/7/2021	Approval of Technegas' use and distribution in the United States by the United States Food and Drug Administration (USFDA)
Mathew Farag	250,000	$0.153	$1.550	$387,500	3 years	1/7/2021	Continuous employment with the Cyclopharm Group until 31 March 2021
Other non-Key Management Personnel	200,000	$0.318	$1.500	$300,000	2 years	29/5/2021	The USFDA has approved the use and distribution of Technegas in the United States and continuous employment with the Cyclopharm Group until 23 May 2021
James McBrayer (options)	200,000	$1.310	$0.000	$0	6 years	31/7/2025	The Company receiving approval from the USFDA for the distribution of Technegas products in the United States
	1,125,000			$1,277,500			
Vested but unexercised during the year							
James McBrayer	1,721,554	$0.061	$0.900	$1,549,399	5 years	9/5/2022	
James McBrayer	269,614	$1.065	$0.000	$0	2.41 years	9/5/2022	
Other non-Key Management Personnel	96,408	$0.061	$0.900	$86,767	5 years	31/8/2022	
Other non-Key Management Personnel	106,000	$0.270	$1.200	$127,200	5 years	25/7/2023	
	2,193,576			$1,763,366			

Interests in the shares and options of the Company and related bodies corporate

The movement during the reporting period in the number of ordinary Cyclopharm shares and options on issue held directly, indirectly or beneficially, by Directors and key management personnel, including their personally-related entities is as follows:

	Interest	31 December 2019 No. of shares	Granted under long term incentive schemes No. of shares	On market purchases No. of shares	31 December 2020 No. of shares
Directors					
Mr DJ Heaney	BI	200,000	–	32,000	232,000
Mr JS McBrayer	BI	4,094,080	1,015,500	–	5,109,580
Mr TA McDonald	NBI	34,800	–	8,414	43,214
		4,328,880	1,015,500	40,414	5,384,794
Key Management Personnel					
Mr M Farag	BI	735,000	500,000	10,000	1,245,000

BI: Beneficial interest
NBI: Non beneficial interests

As at 31 December 2020, Mr McBrayer holds 200,000 share options (2019: 200,000).

Directors' Report

Remuneration Committee

The Remuneration Committee currently comprises of Mr Heaney, who is the Chairman of the Remuneration Committee and Mr McDonald..

The Remuneration Committee is responsible for:

- reviewing and approving the remuneration of Directors and other senior executives; and
- reviewing the remuneration policies of the Company generally.

Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- have a significant portion of executive remuneration 'at risk'; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-executive Director remuneration

Objective
The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to Shareholders.

Structure
The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held in May 2019 when Shareholders approved an aggregate remuneration increase from $225,000 to $250,000 per year.

The amount of aggregate remuneration sought to be approved by Shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Each director receives a fee as set out in the Director and Executive Remuneration Table for being a director of the Company. Directors' fees cover all main Board activities and the membership of committees. There are no additional fees for committee membership. These fees exclude any additional 'fee for service' based on arrangements with the Company, which may be agreed from time to time. Agreed out of pocket expenses are payable in addition to Directors' fees. There is no retirement or other long service benefits that accrue upon appointment to the Board. Retiring non-executive Directors are not currently entitled to receive a retirement allowance.

Executive remuneration

Objective
The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- reward executives for Company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of Shareholders; and
- ensure total remuneration is competitive by market standards.

In determining the level and make-up of executive remuneration, the Remuneration Committee engages external consultants as needed to provide independent advice.

The Remuneration Committee has entered into a detailed contract of employment with the Managing Director and a standard contract with other executives. Details of these contracts are provided below.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary, superannuation and non-monetary benefits); and
- Variable remuneration
  - » short term incentive (STI); and
  - » long term incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) for each executive is set out in the Director and Executive Remuneration Table.

Fixed Remuneration

Objective
Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of Company, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure
Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. All forms of executive remuneration are detailed in the Remuneration Report.

Variable remuneration – Short Term Incentive (STI)

The objective of the STI is to link the achievement of the Group's operational targets with remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Actual STI payments granted to each executive depends on the extent to which specific targets set at the beginning of the year are met. The targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial, corporate and individual measures of performance. Typically included measures are sales, net profit after tax, customer service, risk management and leadership/team contribution. These measures were chosen as they represent the key drivers for short term success of the business and provide a framework for long term value.

The Group has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPI's, the Remuneration Committee, in line with their responsibilities, determine the amount, if any, of the short term incentive to be paid to each executive. This process usually occurs within 3 months of reporting date.

The aggregate of annual STI payments available for executives across the Group is subject to the approval of the Remuneration Committee. Payments are delivered as a cash bonus in the following reporting period. Participation in the Short Term Incentive Plan is at the Directors' discretion.

Variable remuneration – Long Term Incentive (LTI)

Long Term incentives are delivered under the Long Term Incentive Plan (LTIP), which is designed to reward sustainable, long-term performance in a transparent manner. Under the LTIP, individuals are granted LTIP shares, which have a two or three year performance periods (Term). The number of LTIP shares is determined by the Board. The number of LTIP shares that an individual will be entitled to at the end of the Term will depend on the extent to which the hurdle has been met. Performance hurdles are determined by the Board to align individual performance with the Company's performance.

At the Annual General Meeting held on 8 May 2007, Shareholders approved the Company's Long Term Incentive Plan ("Plan"). An updated Plan was approved by Shareholders on 29 May 2018.

The purpose of the Plan is to encourage employees, Directors and officers to share in the ownership of the Company and therefore retain and motivate senior executives to drive performance at both the individual and corporate level. Performance hurdles have been determined by the Board to align individual performance with the Company's key success factors.

Employment contracts

Managing Director

The Managing Director, Mr McBrayer, is employed under a rolling contract. Mr McBrayer's current contract was executed on 13 May 2008. Mr McBrayer's remuneration for 2020 and 2019 is disclosed in the tables on pages 25 and 26. Under the terms of the present contract:

- Each year from 1 January to 31 December, Mr McBrayer may be entitled to receive additional amounts up to a maximum of $50,000 based on achieving certain benchmarks and targets, which in the absence of any formal agreement will default to achieving the budgeted underlying operating EBITDA approved by the Board of Directors effective 2017 (previously Profit After Tax). This amount is entirely performance based and seeks to strengthen the alignment of the Managing Director's interests with those of the Company's shareholders.
- Mr McBrayer may resign from his position and thus terminate this contract by giving 6 months written notice unless a mutually agreeable date can be agreed upon.
- The Company may terminate this employment agreement by providing 6 months written notice or providing payment in lieu of the notice period.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Managing Director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Directors' Report

- Mr McBrayer is entitled to receive strictly limited recourse loans under the Company's LTIP to purchase shares.
- On 13 July 2015, a strictly limited recourse loan was made to Mr McBrayer under the Company's LTIP to purchase shares for a period of 2 years. The loan was to enable the purchase of 1,721,554 shares at the price of 90 cents per share. The LTIP shares vested on 9 May 2017, the date of the 2017 AGM.
- On 9 May 2017, Mr McBrayer exercised his rights to purchase 1,721,554 LTIP shares and the Company extended a loan totalling $1,549,398.60 for the purchase of the Plan Shares. The loan is repayable in full within 5 years.
- As approved by shareholders at the May 2019 AGM, 200,000 options were granted on 27 May 2019 and 539,525 shares comprising 269,911 ordinary shares and 269,614 LTIP shares were issued in accordance with the Company's Long Term Incentive Plan on 11 December 2019 to Mr McBrayer.
- As approved by shareholders at the July 2020 AGM, 1,015,500 shares comprising 257,750 ordinary shares and 757,750 LTIP shares were issued in accordance with the Company's Long Term Incentive Plan on 24 July 2020 to Mr McBrayer.

Other Executives (standard contracts)

All executives have rolling contracts. The Company may terminate the executive's employment agreement by providing (depending on the individual's contract) between 1 to 3 months' written notice or providing payment in lieu of the notice period. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Related Parties

The Directors disclose any conflict of interests in Directors' meetings as per the requirements under the Corporations Act (2001). Any disclosures that are considered to fall under the definition of related parties as per AASB 124 'Related Party Disclosures' are made in the Directors' meetings and minuted.

End of Remuneration Report

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Board Meetings		Audit & Risk Committee		Board Nomination Committee		Remuneration Committee	
Director	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**
Mr D J Heaney	8	8	4	4	1	1	2	2
Mr J S McBrayer	8	8	–	–	1	1	–	–
Mr T A McDonald	8	8	4	4	1	1	2	2

H: Held, A: Attended

Share Options

200,000 share options (2019: 200,000) are in issue as at year end.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

This report is made and signed in accordance with a resolution of the Directors:

James McBrayer
Managing Director and CEO

Sydney, 29 March 2021

Nexia Australia

Auditor's Independence Declaration

To the Board of Directors of Cyclopharm Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit partner for the audit of the financial statements of Cyclopharm Limited for the financial year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia

Nexia Sydney Audit Pty Limited

Andrew Hoffman
Director

Date: 29 March 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
Continuing Operations			
Sales revenue	5	14,676,157	14,078,801
Finance revenue	5	4,410	25,513
Other revenue	5	3,004,893	2,934,187
Total revenue		**17,685,460**	**17,038,501**
Cost of materials and manufacturing	5a	(3,963,469)	(2,908,664)
Employee benefits expense	5e	(7,852,257)	(5,475,889)
Advertising and promotion expense		(212,876)	(235,463)
Depreciation and amortisation expense	5c	(910,291)	(999,939)
Freight and duty expense		(632,846)	(409,155)
Research and development expense	5d	(3,537,517)	(4,192,577)
Administration expense	5f	(5,649,611)	(5,747,946)
Other (expense)/income	5g	(562,843)	786,448
Loss before tax and finance costs		**(5,636,250)**	**(2,144,684)**
Finance costs	5b	(207,859)	(280,259)
Loss before income tax		**(5,844,109)**	**(2,424,943)**
Income tax	6	(199,527)	(487,497)
Loss for the year		**(6,043,636)**	**(2,912,440)**
Other comprehensive income after income tax			
Items that will be re-classified subsequently to profit and loss when specific conditions are met:			
Exchange differences on translating foreign controlled entities (net of tax)		(143,856)	(11,273)
Total comprehensive loss for the year		**(6,187,492)**	**(2,923,713)**

	Notes	2020 cents	2019 cents
Loss per share (cents per share)	7		
– basic loss per share from continuing operations		(7.89)	(4.28)
– basic loss per share		(7.89)	(4.28)
– diluted loss per share		(7.89)	(4.28)

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
Assets			
Current Assets			
Cash and cash equivalents	8	1,874,285	12,660,323
Trade and other receivables	9	8,837,397	3,979,595
Inventories	10	4,736,017	2,495,443
Current tax asset	6	233,904	225,585
Other assets		297,366	249,674
Total Current Assets		**15,978,969**	**19,610,620**
Non-current Assets			
Property, plant and equipment	11	1,903,129	2,070,854
Right-of-use assets	12	3,911,432	4,207,931
Investments	13	–	–
Intangible assets	14	5,291,899	5,145,349
Deferred tax assets	6	1,189,696	1,493,663
Total Non-current Assets		**12,296,156**	**12,917,797**
Total Assets		**28,275,125**	**32,528,417**
Liabilities			
Current Liabilities			
Trade and other payables	15	4,400,270	2,632,362
Lease liabilities	16	148,567	172,582
Provisions	17	1,021,395	652,254
Tax liabilities	6	114,053	22,932
Total Current Liabilities		**5,684,285**	**3,480,130**
Non-current Liabilities			
Lease liabilities	16	4,557,905	4,749,883
Provisions	17	23,885	23,023
Deferred tax liabilities	6	–	277,568
Deferred income liabilities	18	893,200	793,868
Total Non-current Liabilities		**5,474,990**	**5,844,342**
Total Liabilities		**11,159,275**	**9,324,472**
Net Assets		**17,115,850**	**23,203,945**
Equity			
Contributed equity	19	31,632,219	31,576,003
Employee equity benefits reserve	28	1,836,973	1,041,373
Foreign currency translation reserve	28	(696,100)	(552,244)
Accumulated losses		(15,657,242)	(8,861,187)
Total Equity		**17,115,850**	**23,203,945**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
Operating activities			
Receipts from customers		14,659,216	15,509,819
Receipt from Cyclotek NSW Pty Ltd		153,086	–
Payments to suppliers and employees		(23,296,949)	(19,866,221)
Interest received		4,410	25,513
Borrowing costs paid		(207,859)	(280,259)
Income tax (paid)/received		(246,772)	4,121,808
Net cash flows used in operating activities	8	**(8,934,868)**	**(489,340)**
Investing activities			
Payment of deferred consideration on acquisition of subsidiary		(343,209)	(343,209)
Purchase of property, plant and equipment		(193,796)	(38,198)
Payments for intangible assets		(337,186)	(439,084)
Net cash flows used in investing activities		**(874,191)**	**(820,491)**
Financing activities			
Proceeds from issue of shares		–	9,775,000
Share issue cost (net of tax)		–	(413,032)
Settlement of loan for Long Term Incentive Plan Shares		56,216	–
Dividends paid		(752,419)	(660,501)
Repayment of bank borrowings		–	(58,985)
Payment for lease liabilities		(289,758)	(551,229)
Net cash flows used in financing activities		**(985,961)**	**8,091,253**
Net (decrease)/increase in cash and cash equivalents		**(10,795,020)**	**6,781,422**
Cash and cash equivalents			
– at beginning of the period		12,660,323	5,854,959
– net foreign exchange differences from translation of cash and cash equivalents		8,982	23,942
– at end of the year	8	**1,874,285**	**12,660,323**

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

Consolidated	Contributed Equity $	Other Contributed Equity $	Total Contributed Equity $	Retained Earnings/ (Accumulated Losses) $	Foriegn Currency Translation Reserve (Note 28(b)) $	Employee Equity Benefits Reserve (Note 28(a)) $	Total $
Balance at 1 January 2019	27,238,193	(5,333,158)	21,905,035	(5,011,100)	(540,971)	663,005	17,015,969
Adjustment on adoption of AASB 16	–	–	–	(277,146)	–	–	(277,146)
Restated balance at 1 January 2019	27,238,193	(5,333,158)	21,905,035	(5,288,246)	(540,971)	663,005	16,738,823
Loss for the year	–	–	–	(2,912,440)	–	–	(2,912,440)
Other comprehensive loss	–	–	–	–	(11,273)	–	(11,273)
Total comprehensive loss for the year	–	–	–	(2,912,440)	(11,273)	–	(2,923,713)
Issue of shares	10,084,000	–	10,084,000	–	–	–	10,084,000
Share issue cost (net of tax)	(413,032)	–	(413,032)	–	–	–	(413,032)
Dividends paid	–	–	–	(660,501)	–	–	(660,501)
Cost of share based payments	–	–	–	–	–	378,368	378,368
Total transactions with owners and other transfers	9,670,968	–	9,670,968	(660,501)	–	378,368	9,388,835
Balance at 31 December 2019	36,909,161	(5,333,158)	31,576,003	(8,861,187)	(552,244)	1,041,373	23,203,945
Balance at 1 January 2020	36,909,161	(5,333,158)	31,576,003	(8,861,187)	(552,244)	1,041,373	23,203,945
Loss for the year	–	–	–	(6,043,636)	–	–	(6,043,636)
Other comprehensive loss	–	–	–	–	(143,856)	–	(143,856)
Total comprehensive loss for the year	–	–	–	(6,043,636)	(143,856)	–	(6,187,492)
Payment of loan for Long Term Incentive Plan shares	56,216	–	56,216	–	–	–	56,216
Dividends paid	–	–	–	(752,419)	–	–	(752,419)
Cost of share based payments	–	–	–	–	–	795,600	795,600
Total transactions with owners and other transfers	56,216	–	56,216	(752,419)	–	795,600	99,397
Balance at 31 December 2020	36,965,377	(5,333,158)	31,632,219	(15,657,242)	(696,100)	1,836,973	17,115,850

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. Corporate Information

The financial report of Cyclopharm Limited ("Cyclopharm" or "the Company") for the year ended 31 December 2020 was authorised for issue by a resolution of the Directors as at the date of this report.

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

During the year, the principal continuing activities of the consolidated entity ("the Group") consisted of the manufacture and sale of medical equipment and radiopharmaceuticals, including associated research and development. The Group commenced distribution of third party products to the diagnostic imaging sector during the current financial year.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

The financial report is presented in Australian dollars.

(b) New and Amended Accounting Policies Adopted by the Group

Consolidated financial statements
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Group has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

(c) New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(d) Principles of consolidation

Cyclopharm Limited is the ultimate parent entity (the Parent) in the wholly owned group. The consolidated financial statements comprise the financial statements of Cyclopharm and its subsidiaries as at 31 December each year (the Group).

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2020. All subsidiaries have a reporting date of 31 December.

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 the Parent 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
Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

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.

2. Summary of Significant Accounting Policies (continued)

(e) Foreign currency translation

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

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

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

Group companies
The functional currency of the overseas subsidiaries Cyclomedica Ireland Limited, Cyclomedica Germany GmbH, Cyclomedica Europe Limited, and Cyclomedica Benelux bvba, is European Euro (Euro €), Cyclomedica Nordic AB is Swedish Kroner (SEK) 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 the reporting date.
- Income and expenses are translated at the average exchange rates for the period.
- Retained profits/equity are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations are recognised in other comprehensive income and are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

(f) Income tax

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

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

Tax consolidation
Cyclopharm Limited 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 Australian tax 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.

Cyclopharm Limited 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(g) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(h) Property, plant and equipment

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

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

Impairment

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

Depreciation

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

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

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

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.

(i) Investments accounted for using the equity method

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

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

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

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

Details of the Group's investments in associates are provided in Note 13.

2. Summary of Significant Accounting Policies (continued)

(j) Intangibles

Intangible assets
Intangible assets acquired as part of a business combination other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

The gains and losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible assets. The method and useful lives of finite life intangible assets are reviewed annually.

Internally generated intangible assets, excluding development costs, are not capitalised and are recorded as an expense in the Statement of Profit or Loss.

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

Expenditure on the development of the Technegas Plus and Ultralute generator has been capitalised. Costs will be amortised once the asset development is completed and the asset ready 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. Development expenditure is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

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

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 the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intend to complete the development and its costs can be measured reliably. Development expenditure is measured at cost less any accumulated amortisation and impairment losses. 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.

(k) Inventories

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

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

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

(l) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 90 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(m) Cash and cash equivalents

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

(n) Trade and other payables

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(o) Interest-bearing loans and borrowings

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

(p) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(q) 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.

(r) Employee entitlements

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

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

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

(s) 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 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.

(t) Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to

2. Summary of Significant Accounting Policies (continued)

the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

(u) Other Revenue

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.

Research & Development Tax Incentive
Government grants, including Research and Development incentives, are recognized at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Grants relating to cost reimbursements are recognized as other income in profit or loss in the period when the costs were incurred or when the incentive meets the recognition requirements (if later)

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

(v) 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.

(w) Financial instruments

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

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

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(x) Contributed equity

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

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

As part of the restructure a subsidiary of Cyclopharm Limited, 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 Limited also acquired 100% of the other group operating subsidiaries from the ultimate holding company, Vita Life Sciences Limited. Accordingly, the group comprises Cyclopharm Limited 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 (deregistered 16 July 2017)
- Allrad 29 Pty Ltd (deregistered 16 July 2017)

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 Limited 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*.

(y) Earnings per share

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

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

(z) Fair Value

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

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

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

(aa) Significant Accounting Judgements and Estimates

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

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

2. Summary of Significant Accounting Policies (continued)

Key Estimates

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

The Group's property, plant and equipment relating to the Cyclotron facility have been fully impaired, based on management's assessment that the fair value of those assets is nil in the current industry circumstances and the condition of the damaged assets. Extensive damage to the Cyclotron facility caused by substantial water damage in June 2014, delayed any decisions about the future use of the Cyclotron facility until it is restored to its former operational status. In 2019, the Company entered into a Business Venture Collaboration Agreement with Cyclotek Australia Pty Ltd and Pettech, a wholly owned subsidiary of ANSTO. In parallel the Company entered into a Business Sale Transfer agreement for the operations conducted at the Company's Cyclotron facility located at Macquarie University Hospital.

The assumptions used in the estimation of recoverable amount and the carrying amount of intangible assets are discussed in Note 14. No impairment has been recognised in respect of intangible assets at the end of the reporting period.

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

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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

The Group measures the cost of share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. Refer to Note 26 for details of the Company's Share Based Payment Plan.

Key Judgements

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

3. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 December 2020		
Segments	**Technegas $**	**Molecular Imaging $**	**Total $**
Type of goods or service			
Sales of equipment and consumables – Technegas	11,075,305	–	11,075,305
Sales of equipment and consumables – third party products	2,014,557	–	2,014,557
Income from Cyclotek NSW Pty Ltd	–	153,086	153,086
After sales services – Technegas	1,274,539	–	1,274,539
After sales services – third party products	158,670	–	158,670
Total revenue from contracts with customers	**14,523,071**	**153,086**	**14,676,157**
Geographical markets			
Asia Pacific	2,235,541	153,086	2,388,627
Europe	10,135,320	–	10,135,320
Canada	2,051,757	–	2,051,757
Other	100,453	–	100,453
Total revenue from contracts with customers	**14,523,071**	**153,086**	**14,676,157**
Timing of revenue recognition			
Goods transferred at a point in time	14,333,375	153,086	14,486,461
Services transferred over time	189,696	–	189,696
Total revenue from contracts with customers	**14,523,071**	**153,086**	**14,676,157**

	For the year ended 31 December 2019		
Segments	**Technegas $**	**Molecular Imaging $**	**Total $**
Type of goods or service			
Sales of equipment and consumables – Technegas	12,774,045	–	12,774,045
After sales services – Technegas	1,304,756	–	1,304,756
Total revenue from contracts with customers	**14,078,801**	**–**	**14,078,801**
Geographical markets			
Asia Pacific	2,313,912	–	2,313,912
Europe	8,742,760	–	8,742,760
Canada	2,558,344	–	2,558,344
Other	463,785	–	463,785
Total revenue from contracts with customers	**14,078,801**		**14,078,801**
Timing of revenue recognition			
Goods transferred at a point in time	13,840,520	–	13,840,520
Services transferred over time	238,281	–	238,281
Total revenue from contracts with customers	**14,078,801**	**–**	**14,078,801**

There are no impairment losses on receivables.

4. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of product category as the Group's risks and returns are affected predominantly by differences in the products and services produced. The Group also monitors the performance of the business on a geographical basis.

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. Distribution of third party products to the diagnostic imaging sector commenced during the current financial year.

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 2020 and 31 December 2019.

Geographical segments
The tables under the heading geographical segment present revenue and asset information regarding geographical segments for the years ended 31 December 2020 and 31 December 2019.

Business segments

	Consolidated		
	Technegas	Molecular Imaging	Total
For the year ended 31 December 2020	**$**	**$**	**$**
Revenue			
Sales – Technegas	12,349,844	–	12,349,844
Income from Cyclotek NSW Pty Ltd	–	153,086	153,086
Sales – third party products	2,173,227	–	2,173,227
Sales to external customers	14,523,071	153,086	14,676,157
Finance revenue	3,407	1,003	4,410
Other revenue	3,004,893	–	3,004,893
Total revenue	**17,531,371**	**154,089**	**17,685,460**
Result			
(Loss)/profit before tax and finance costs	**(5,777,936)**	**141,686**	**(5,636,250)**
Finance costs	(205,341)	(2,518)	(207,859)
(Loss)/profit before income tax	**(5,983,277)**	**139,168**	**(5,844,109)**
Income tax	(70,490)	(129,037)	(199,527)
(Loss)/profit after income tax	**(6,053,767)**	**10,131**	**(6,043,636)**
Assets and liabilities			
Segment assets	27,103,927	1,171,198	28,275,125
Segment asset increases for the period :			
– capital expenditure	316,214	–	316,214
Segment liabilities	(11,122,986)	(36,289)	(11,159,275)
Other segment information			
Depreciation and amortisation	(910,291)	–	(910,291)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. Operating segments (continued)

Business segments

	Consolidated		
	Technegas	Molecular Imaging	Total
For the year ended 31 December 2019	**$**	**$**	**$**
Revenue			
Sales to external customers	14,078,801	–	14,078,801
Finance revenue	23,980	1,533	25,513
Other revenue	2,934,187	–	2,934,187
Total revenue	17,036,968	1,533	17,038,501
Result			
(Loss)/profit before tax and finance costs	(2,903,095)	758,411	(2,144,684)
Finance costs	(267,796)	(12,463)	(280,259)
(Loss)/profit before income tax	(3,170,891)	745,948	(2,424,943)
Income tax expense	(1,019,968)	532,471	(487,497)
(Loss)/profit after income tax	(4,190,859)	1,278,419	(2,912,440)
Assets and liabilities			
Segment assets	31,172,974	1,355,443	32,528,417
Segment asset increases for the period:			
– capital expenditure	238,446	–	238,446
Segment liabilities	(9,287,959)	(36,513)	(9,324,472)
Other segment information			
Depreciation and amortisation	(737,653)	(262,286)	(999,939)

Geographical segments

	Consolidated				
	Asia Pacific	Europe	Canada	Other	Total
For the year ended 31 December 2020	**$**	**$**	**$**	**$**	**$**
Revenue					
Sales to external customers	2,388,627	10,135,320	2,051,757	100,453	14,676,157
Finance revenue	4,055	355	–	–	4,410
Other revenue	3,004,893	–	–	–	3,004,893
Total segment revenue	5,397,575	10,135,675	2,051,757	100,453	17,685,460
Assets					
Segment assets	18,569,675	8,442,980	1,127,708	–	28,140,363

	Consolidated				
	Asia Pacific	Europe	Canada	Other	Total
For the year ended 31 December 2019	**$**	**$**	**$**	**$**	**$**
Revenue					
Sales to external customers	2,313,912	8,742,760	2,558,344	463,785	14,078,801
Finance revenue	15,893	9,620	–	–	25,513
Other revenue	2,934,187	–	–	–	2,934,187
Total segment revenue	5,263,992	8,752,380	2,558,344	463,785	17,038,501
Assets					
Segment assets	24,608,560	7,007,539	912,318	–	32,528,417

5. Revenues and expenses

	Notes	Consolidated 2020 $	Consolidated 2019 $
Revenue			
Sales revenue		14,523,071	14,078,801
Income from Cyclotek NSW Pty Ltd		153,086	–
Total revenue		**14,676,157**	**14,078,801**
Finance revenue – Interest received from other parties		**4,410**	**25,513**
Other Revenue			
R&D Tax incentive refund		3,004,893	2,934,187
Total other revenue		**3,004,893**	**2,934,187**
(Note 3 discloses the disaggregation of the Group's revenue from contracts with customers)			
Expenses			
(a) Cost of materials and manufacturing			
Cost of materials and manufacturing		**3,963,469**	**2,908,664**
(b) Finance costs			
Interest paid on loans from external parties		18,215	46,868
Interest on leased assets (AASB 16)		189,644	233,391
Total finance costs		**207,859**	**280,259**
(c) Depreciation and amortisation			
Depreciation of plant and equipment		143,522	122,283
Depreciation of leasehold improvements		340,417	222,337
Depreciation of leased assets (AASB 16)		289,758	551,229
Amortisation of intangibles		136,594	104,090
		910,291	**999,939**
(d) Research & development expense			
FDA expenses		3,311,715	3,841,534
Pilot Clinical Trial expenses		173,851	350,844
Research expenses		51,951	199
		3,537,517	**4,192,577**
(e) Employee benefits expense			
Salaries and wages		6,397,977	4,564,313
Defined contribution superannuation expense		529,150	361,261
Non-Executive Director fees		129,530	171,947
Share-based payments expense	26a	795,600	378,368
		7,852,257	**5,475,889**
(f) Administration expense			
Legal and professional costs		3,567,193	4,121,851
Office and facility costs		1,617,731	900,579
(Reversal of)/provision for doubtful debts		(5,601)	17,534
Travel and motor vehicle costs		470,288	707,982
		5,649,611	**5,747,946**
(g) Other expense/(income)			
Realised Foreign exchange losses/(gains)		43,786	(54,171)
Unrealised Foreign exchange losses/(gains)		609,085	(100,275)
Recoveries from litigation		(2,969)	(338,908)
Costs of terminating put option		–	309,000
Rent waiver from landlord of Cyclotron facility		–	(976,044)
Jobkeeper grant		(491,500)	–
Other		404,441	373,950
		562,843	**(786,448)**

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6. Income tax

	2020 $	2019 $
The components of income tax expense comprise:		
Current income tax expense	(173,128)	(423,756)
Deferred tax expense	(26,399)	(63,741)
	(199,527)	**(487,497)**

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

Accounting loss before income tax	**(5,844,109)**	**(2,424,943)**
Statutory income tax rate of 27.5% (2019: 27.5%)	1,215,570	666,859
Effects of lower rates on overseas income	168,208	197,077
Expenditure not allowable for income tax purposes	(1,627,043)	(2,093,312)
Non-assessable income	826,346	806,901
Temporary differences recognised (reversed) in Australian group	(26,399)	(64,132)
Temporary differences recognised (reversed) overseas	–	391
Tax losses not recognised in Australia	(756,209)	–
Tax losses not recognised overseas	–	(1,281)
Total income tax expense	**(199,527)**	**(487,497)**
Effective income tax rate	3.4%	20.1%
Current income tax asset	**233,904**	**225,585**
Current income tax liability	**114,053**	**22,932**
Deferred tax relating to capital raising costs, credited directly to equity	**–**	**156,668**
Deferred tax assets		
Deferred tax assets from temporary differences on:		
Investments	(667,429)	1,110,124
Provisions and accruals	1,517,795	24,195
Other	339,330	359,344
Total deferred tax assets	**1,189,696**	**1,493,663**
Movements in deferred tax assets		
Opening balance	1,493,663	1,043,521
Adjustment on adopting AASB 16 Leases	–	80,164
Temporary differences brought to account (reversed)	(303,967)	369,978
Closing balance	**1,189,696**	**1,493,663**
Deferred tax liabilities		
Movements in deferred tax liabilities		
Opening balance	(277,568)	(517)
Temporary differences brought to account (reversed)	277,568	(277,051)
Closing balance	**–**	**(277,568)**
Deferred tax assets for which no benefit has been recognised:		
– arising from temporary differences – at 26% (2019: 27.5%)	636,836	826,669
– arising from revenue tax losses – at 26% (2019: 27.5%)	1,078,595	–
– arising from capital tax losses – at 26% (2019: 27.5%)	20,503	21,686

7. Net tangible assets and loss per share

Net Tangible Assets per share

	Consolidated	
	2020 $	2019 $
Net assets per share	0.21	0.30
Net tangible assets per share	0.15	0.23

	Number	Number
Number of ordinary shares for net assets per share	80,274,455	78,238,398

	2020 $	2019 $
Net assets	17,115,850	23,203,945
Less: Intangible assets	(5,291,899)	(5,145,349)
Net tangible assets	11,823,951	18,058,596

The number of ordinary shares includes the effects of 1,045,000 Long Term Incentive Performance (LTIP) shares issued on 4 May 2020 and 757,750 LTIP shares issued on 24 July 2020 (2019: 269,614 LTIP shares issued on 11 December 2019 and 200,000 LTIP shares issued on 30 May 2019) and excludes 24,443 expired LTIP shares cancelled on 5 May 2020 as set out in Note 19. The net assets includes both right-of-use assets and lease liabilities accounted for in accordance with AASB 16 Leases.

Loss per share

	Consolidated	
	2020 cents	2019 cents
Basic loss per share for continuing operations	(7.89)	(4.28)
Basic loss per share	(7.89)	(4.28)
Diluted loss per share	(7.89)	(4.28)

	Number	Number
Weighted average number of ordinary shares for basic loss per share	76,590,677	68,121,079
Weighted average number of ordinary shares for diluted loss per share	76,590,677	68,121,079

	2020 $	2019 $
Loss used to calculate basic earnings per share	(6,043,636)	(2,912,440)
Loss used to calculate diluted earnings per share	(6,043,636)	(2,912,440)

The weighted average number of ordinary shares for basic loss per share excludes the effects of 1,045,000 LTIP shares issued on 4 May 2020, 757,750 LTIP shares issued on 24 July 2020, 269,614 LTIP shares issued on 11 December 2019, 200,000 LTIP shares issued on 30 May 2019 and 500,000 LTIP shares issued on 2 July 2018 set out in Note 19 as they are contingently returnable.

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8. Cash and cash equivalents

	Consolidated	
	2020 $	2019 $
Cash at bank and in hand	1,874,285	12,660,323
Total cash and cash equivalents	**1,874,285**	**12,660,323**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.
The fair value of cash equivalents is $1,874,285 (2019: $12,660,323).

	Consolidated	
	2020 $	2019 $
Reconciliation of Statement of Cash Flows		
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	1,874,285	12,660,323
	1,874,285	**12,660,323**
(a) Reconciliation of net loss after tax to net cash flows from operations		
Net loss after tax	**(6,043,636)**	**(2,912,440)**
Adjustments for non-cash income and expense items:		
Depreciation	773,697	895,849
Amortisation	136,594	104,090
Property, plant and equipment written off	–	213,548
Cost of terminating put option	–	309,000
Movement provision for employee benefits	370,003	(194,502)
Movement in foreign exchange	(152,838)	(35,215)
Movement in employee benefits reserve	795,600	378,368
Movement in other provisions	(5,601)	(268,813)
	(4,126,181)	**(1,510,115)**
Increase/decrease in assets and liabilities:		
(Increase)/Decrease in receivables	(1,783,104)	2,681,053
(Increase)/Decrease in inventories	(2,240,574)	276,103
(Increase)/Decrease in other receivables	(3,122,390)	178,288
Increase in current tax asset	(8,319)	(147,208)
Decrease/(Increase) in deferred tax assets	303,967	(450,142)
Increase/(Decrease) in creditors	2,128,848	(1,303,967)
Increase/(Decrease) in current tax liabilities	91,121	(620,712)
(Decrease)/Increase in deferred tax liabilities	(277,568)	277,051
Increase in deferred income liability	99,332	130,309
Net cash flow used in operating activities	**(8,934,868)**	**(489,340)**

(b) Non-cash financing and investing activities

All LTIP shares as set out in Note 26 Share Based Payment Plans are issued by way of loans.

During 2020, 225,000 LTIP shares vested and an election was made to extend the exercise period for up to 5 years, whilst 24,443 LTIP shares lapsed and were cancelled. Refer to Note 19 Contributed Equity and Note 26 Share Based Payment Plans.

The following Long Term Incentive Plan (LTIP) shares were issued by way of loans:

- 200,000 Long Term Incentive Plan (LTIP) shares were issued on 30 May 2019,
- 500,000 Long Term Incentive Plan (LTIP) shares were issued on 2 July 2018.

9. Trade and other receivables

	Notes	Consolidated 2020 $	Consolidated 2019 $
Current			
Trade receivables, third parties		5,453,528	3,673,271
Allowance for expected credit loss		(104,412)	(107,259)
Net Trade receivables, third parties	(i)	5,349,116	3,566,012
Other receivables	(ii), (iii)	3,488,281	413,583
Total Current trade and other receivables		**8,837,397**	**3,979,595**
Total trade and other receivables		**8,837,397**	**3,979,595**

Terms and conditions

Terms and conditions relating to the above financial instruments.

(i) Trade receivables are non-interest bearing and generally on 30 and 60-day terms.
(ii) Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.
(iii) Other receivables for the financial year ended 31 December 2020 included accrued R&D Tax Incentive of $3,104,225 which was received in February 2021. The R&D Tax Incentive for the previous financial year was received in November 2019.
(iv) Related party details are set out in the Note 22 Related Party Disclosures.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2020 $	Consolidated 2019 $
Opening balance	107,259	417,610
Unused amounts reversed	(2,847)	(310,351)
Closing balance	**104,412**	**107,259**

10. Inventories

	Consolidated 2020 $	Consolidated 2019 $
Current		
Raw materials at cost	2,938,687	1,334,713
Finished goods at lower of cost or net realisable value	1,840,807	1,199,849
Provision for obsolescence	(43,477)	(39,119)
Total inventory	**4,736,017**	**2,495,443**

Notes to the Consolidated Financial Statements

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11. Property, plant and equipment

Consolidated	Leasehold Land and Buildings $	Leasehold Improvements $	Plant and Equipment $	Leased Plant and Equipment $	Capital Work in Progress $	Total $
Year ended 31 December 2020						
1 January 2020 at written down value	299,655	1,288,500	411,038	–	71,661	2,070,854
Additions/Transfers	724	53,133	242,297	–	20,060	316,214
Depreciation for the year	(10,513)	(340,417)	(133,009)	–	–	(483,939)
31 December 2020 at written down value	**289,866**	**1,001,216**	**520,326**	**–**	**91,721**	**1,903,129**
1 January 2020						
Cost value	2,393,609	4,818,811	8,430,524	120,901	71,661	15,835,506
Impairment – Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	–	–	(8,860,163)
Accumulated depreciation	(211,994)	(921,399)	(3,650,195)	(120,901)	–	(4,904,489)
Net carrying amount	**299,655**	**1,288,500**	**411,038**	**–**	**71,661**	**2,070,854**
31 December 2020						
Cost value	2,394,333	4,871,944	8,672,821	120,901	91,721	16,151,720
Impairment – Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	–	–	(8,860,163)
Accumulated depreciation	(222,507)	(1,261,816)	(3,783,204)	(120,901)	–	(5,388,428)
Net carrying amount	**289,866**	**1,001,216**	**520,326**	**–**	**91,721**	**1,903,129**
Year ended 31 December 2019						
1 January 2019 at written down value	299,890	1,702,595	388,091	–	77,830	2,468,406
Additions/Transfers	10,006	21,790	134,989	–	71,661	238,446
Disposals/Transfers	–	(213,548)	–	–	(77,830)	(291,378)
Depreciation for the year	(10,241)	(222,337)	(112,042)	–	–	(344,620)
31 December 2019 at written down value	**299,655**	**1,288,500**	**411,038**	**–**	**71,661**	**2,070,854**
1 January 2019						
Cost value	2,383,603	5,010,569	8,295,535	120,901	77,830	15,888,438
Impairment – Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	–	–	(8,860,163)
Accumulated depreciation	(201,753)	(699,062)	(3,538,153)	(120,901)	–	(4,559,869)
Net carrying amount	**299,890**	**1,702,595**	**388,091**	**–**	**77,830**	**2,468,406**
31 December 2019						
Cost value	2,393,609	4,818,811	8,430,524	120,901	71,661	15,835,506
Impairment – Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	–	–	(8,860,163)
Accumulated depreciation	(211,994)	(921,399)	(3,650,195)	(120,901)	–	(4,904,489)
Net carrying amount	**299,655**	**1,288,500**	**411,038**	**–**	**71,661**	**2,070,854**

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

11. Property, plant and equipment (continued)

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

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

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

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

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

The Cyclopharm Board decided to cease commercial production at its Cyclotron facility at the end of April 2014 due to the impact on the Group's profits of the government-owned competition. In making that decision, the Board valued the Cyclotron facility, comprised of buildings, leasehold improvements and plant and equipment at a fair value of nil, using the market approach and income approach techniques. The market technique predominantly used recent observable market data for similar new equipment in Australia, adjusted for loss in value caused by physical deterioration, functional obsolescence, economic obsolescence and the industry specific aspects affecting this highly specialised asset i.e. the government-owned competition which had rendered further participation in the molecular imaging industry uneconomic and its future use uncertain. The same industry specific factors were applied to the income approach technique. Both techniques resulted in a fair value of nil being recognised for the Cyclotron facility as at 31 December 2014. Cyclopharm considers that the same conditions still apply at 31 December 2020 as the Cyclotron facility has not been restored to its former functionality after substantial water damage in June 2014. Accordingly, Cyclopharm has concluded that as a result of this uncertainty, the fair value of the Cyclotron remains at nil as at 31 December 2020.

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

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

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

Non-Recurring fair value measurements:

	Level 2	Level 2
	2020 $	2019 $
Buildings	–	–
Plant and equipment	–	–
Leasehold improvements	–	–
Total non-financial assets recognised at fair value	–	–

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

12. Right-of-use assets

	Consolidated	
	2020 $	2019 $
Land and buildings – right-of-use	5,196,359	5,200,067
Less: Accumulated depreciation	(1,309,943)	(1,030,860)
	3,886,416	4,169,207
Motor vehicle – right-of-use	151,046	260,097
Less: Accumulated depreciation	(126,030)	(221,373)
	25,016	38,724
Total right-of-use assets	3,911,432	4,207,931

The Group leases land and buildings for its offices, manufacturing facilities and warehouse under agreements of between two to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are negotiated. The Group also leases plant and equipment under agreements of four years.

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13. Investments

Equity accounted investments	Notes	Consolidated 2020 $	Consolidated 2019 $
Associated companies	(a)	–	–

Name	Principal Activities	Principal place of business	Measurement Method	Ownership Interest 2020	Ownership Interest 2019
Macquarie Medical Imaging Pty Ltd	Imaging centre	Sydney, Australia	Equity method	20%	20%

Macquarie Medical Imaging Pty Ltd (MMI) is a private entity that provided medical imaging facilities for Macquarie University Hospital. From 7 December 2019, the business operations of MMI have been transferred to MQ Health, an entity associated with Macquarie University Hospital.

Extract from the associate's statement of financial position:	Notes	Consolidated 2020 $	Consolidated 2019 $
Current Assets		4,130,592	5,470,644
Non-current Assets		–	1,577,468
Current Liabilities		(17,533,962)	(19,647,135)
Non-current Liabilities		–	–
Net Liabilities		(13,403,370)	(12,599,023)
Share of associate's Net Liabilities	(a)	(2,680,674)	(2,519,805)

Extract from the associate's statement of comprehensive income:	Notes	Consolidated 2020 $	Consolidated 2019 $
Revenue		131,905	14,650,032
Net Loss	(a)	(804,347)	(39,973)

(a) The share of the associate's loss not recognised during the year was $160,869 (2019: loss of $7,994) and the cumulative share of the associate's loss not recognised as at 31 December 2020 was $2,726,061 (31 December 2019: $2,718,067). The comparative amounts have been revised after the receipt of the audited financial report of the associate subsequent to the last financial report of the Group.

The share of loss of associate not recognised as at 31 December 2020 is extracted from the unaudited financial report of the associate, and it may be revised when that financial report has been audited.

The fair value of the Group's investment in Macquarie Medical Imaging Pty Ltd was $nil (2019: $nil). It is anticipated that MMI will be de-registered upon the finalisation of its accounts payable and receivables.

Contingent liabilities

(b) In December 2019, a business venture collaboration agreement combined CycloPet Pty Ltd and Pettech Solutions Limited's cyclotron facilities under a single operating enterprise known as Cyclotek NSW Pty Limited (Cyclotek NSW). Cyclopharm and Cyclotek NSW have entered into a sub-lease agreement as tenants in common whereby Cyclotek NSW is solely responsible for the tenant's obligations except for make good obligations until such time as it exercises the right to transfer its interest as tenant in common to Cyclopharm. Being a tenant in common, Cyclopharm's contingent liabilities as at 31 December 2020 amounts to $3,366,657 (2019: $3,366,657) if Cyclotek NSW is unable to fulfil its obligations as tenant. The amount comprises payments under a sub-lease agreement commencing 1 January 2020 until the expiry of two options to renew expiring on 31 December 2039 with a rent-free period until 31 December 2022.

There were no other contingent liabilities as at the date of this report (2019: $nil). In December 2019, Cyclopharm issued 300,000 ordinary shares in exchange for the termination of a put option to a 50% shareholder of Macquarie Medical Imaging Pty Limited (MMI). The cost had the put option been exercised at 31 December 2018 was estimated not to exceed $2,838,442.

14. Intangible assets

Consolidated	Intellectual Property $	Goodwill on consolidation* $	Licences $	Technegas Development $	Target $	Ultralute $	Total $
Balance at 1 January 2020	379,632	865,273	665,537	788,588	27,419	2,418,900	5,145,349
Additions	82,552	–	–	–	–	200,592	283,144
Amortisation	(48,940)	–	(87,654)	–	–	–	(136,594)
Balance at 31 December 2020	**413,244**	**865,273**	**577,883**	**788,588**	**27,419**	**2,619,492**	**5,291,899**
31 December 2020							
Non-Current	413,244	865,273	577,883	788,588	27,419	2,619,492	5,291,899
Total	**413,244**	**865,273**	**577,883**	**788,588**	**27,419**	**2,619,492**	**5,291,899**
31 December 2019							
Non-Current	379,632	865,273	665,537	788,588	27,419	2,418,900	5,145,349
Total	**379,632**	**865,273**	**665,537**	**788,588**	**27,419**	**2,418,900**	**5,145,349**

* Goodwill on consolidation arising upon the acquisition of Inter Commerce Medical bvba on 1 October 2017 and Medicall Analys AB on 1 May 2018.

The following assumptions are noted in respect of the following intangible assets: (a) Goodwill, (b) Technegas Development and (c) Ultralute.

The recoverable amount of intangible assets have been assessed using a discounted cash flow methodology forecasting five years of pre-tax cash flows.

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

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

(b) The pre-tax discount rates used were between 12% to 25% (2019: 25%). The discount rate reflects management's estimate of the time value of money and the Group's adjusted weighted average cost of capital to reflect the current market risk–free rate but also price for the uncertainty inherent in the assets.

(c) Management believes the projected 4% revenue growth rate for existing markets (no sales to the US market is assumed) is prudent and justified, based on the rebound in Technegas sales after the first half pandemic impact.

No changes in estimations were made by management compared to prior years. The key assumptions used for assessing the carrying value of intangible assets reflects the risk estimates of the business and respective assets.

There were no other key assumptions for Goodwill, Technegas Development costs and Ultralute costs.

The Directors have concluded that the recoverable amount of Goodwill, Technegas Development costs, and Ultralute costs exceed their carrying values. Based on the above, no impairment charge was recognised.

Sensitivity
As disclosed in note 2(aa), the Directors have made judgements and estimates in respect of impairment. Should these judgements and estimates not occur the resulting carrying amounts may change.

Goodwill
All other assumptions remaining constant, the sensitivity in the value of goodwill is that revenue would need to decrease by more than 3%.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of Goodwill would not cause the carrying amount to exceed its recoverable amount.

Technegas development and Ultralute development costs
Sensitivity analysis has been performed by adjusting underlying assumptions by up to 10%. The analysis indicated that headroom exists in the cash flow projections to support the carrying value of the intangible assets.

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15. Trade and other payables

	Notes	Consolidated 2020 $	Consolidated 2019 $
Current			
Trade payables, third parties	(i)	3,296,913	1,407,567
Other payables and accruals	(ii)	1,103,357	1,224,795
Total current trade and other payables		4,400,270	2,632,362
Total trade and other payables		4,400,270	2,632,362

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 22 Related party disclosures.

16. Lease liabilities

	Consolidated 2020 $	Consolidated 2019 $
Current		
Lease liability	148,567	172,582
Lease liability (current)	148,567	172,582
Non-current		
Lease liability	4,557,905	4,749,883
Borrowings (non-current)	4,557,905	4,749,883
Total borrowings	4,706,472	4,922,465

17. Provisions

		Consolidated	
		Employee Entitlements $	Total $
Balance at 1 January 2020		675,277	675,277
Arising during the year		461,714	461,714
Utilised		(91,711)	(91,711)
Balance at 31 December 2020		**1,045,280**	**1,045,280**
31 December 2020			
Current		1,021,395	1,021,395
Non-Current		23,885	23,885
Total		**1,045,280**	**1,045,280**
Number of employees			
Number of employees at year end	48		
31 December 2019			
Current		652,254	652,254
Non-Current		23,023	23,023
Total		**675,277**	**675,277**
Number of employees			
Number of employees at year end	37		

A provision has been recognised for employee entitlements relating to long service and annual leave. The measurement and recognition criteria relating to employee benefits have been disclosed in Note 2(r).

18. Deferred income liabilities

	2020 $	2019 $
Deferred income liabilities	893,200	793,868

A portion of the Research & Development Grant refund received during the year has been recognised as deferred income liabilities and will be amortised over the same period as the amortisation of the related intangible development asset.

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19. Contributed equity

	Notes	Consolidated 2020 Number	2019 Number	2020 $	2019 $
Issued and paid up capital					
Ordinary shares	(a)	80,274,455	78,238,398	36,965,377	36,909,161
Other contributed equity	(b)	–	–	(5,333,158)	(5,333,158)
Total issued and paid up capital		**80,274,455**	**78,238,398**	**31,632,219**	**31,576,003**
(a) Ordinary shares					
Balance at the beginning of the period		78,238,398	68,698,873	36,909,161	27,238,193
Issue of Long Term Incentive Plan shares	(i)	1,802,750	469,614	–	–
Issue of shares to Managing Director	(ii)	257,750	269,911	–	–
Issue of shares to settle obligations under put option	(iii)	–	300,000	–	309,000
Issue of shares via institutional placement	(iv)	–	8,500,000	–	9,775,000
Share issue cost (net of tax)		–	–	–	(413,032)
Cancellation of expired Long Term Incentive Plan shares	(v)	(24,443)	–	–	–
Settlement of loan for Long Term Incentive Plan shares	(vi)	–	–	56,216	–
Balance at end of period		**80,274,455**	**78,238,398**	**36,965,377**	**36,909,161**
(b) Other contributed equity					
Balance at the beginning and end of the period		–	–	**(5,333,158)**	**(5,333,158)**

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

(i) 269,614 LTIP shares were issued on 11 December 2019, 200,000 LTIP shares were issued on 30 May 2019, 1,045,000 LTIP shares were issued on 4 May 2020 and 757,750 LTIP shares were issued on 24 July 2020 as set out in Note 26.
(ii) On 24 July 2020, the Company issued 257,750 (2019: 269,911) ordinary shares to the Managing Director for nil consideration as approved by shareholders on 9 July 2020 and 21 May 2019.
(iii) On 18 December 2019, 300,000 ordinary shares were issued in exchange for the termination of a put option to a shareholder of MMI as set out in Note 13(b).
(iv) On 24 December 2019, 8,500,000 ordinary shares were issued at a price of $1.15 per new share in connection with an institutional share placement.
(v) 24,443 expired LTIP shares were cancelled on 5 May 2020.
(vi) Proceeds from settlement of loan to acquire LTIP shares.

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 assesses the capital structure to take advantage of favourable costs of capital and/or high returns on assets. As the market is continually changing, management may issue dividends to shareholders, issue new shares, increase the entity's short or long term borrowings or sell assets to reduce borrowings.

As at 31 December 2020, the Group has no interest bearing loans and borrowings.

	Notes	Consolidated 2020 $	2019 $
Total interest bearing loans and borrowings		–	–
Less: cash and cash equivalents	8	(1,874,285)	(12,660,323)
Net interest bearing loans and borrowings/(cash		**(1,874,285)**	**(12,660,323)**
Total equity		17,115,850	23,203,945
Gearing ratio		0.0%	0.0%

19. Contributed equity (continued)

Dividends
During the current financial year, the Directors declared an unfranked interim dividend of 0.5 cent per share in respect of the financial year ended 31 December 2020 and an unfranked final dividend of 0.5 cent per share in respect of the financial year ended 31 December 2019. During the 2019 financial year, the Directors declared an unfranked interim dividend of 0.5 cent per share in respect of the financial year ended 31 December 2019 and an unfranked final dividend of 0.5 cent per share in respect of the financial year ended 31 December 2018.

The final unfranked dividend of 0.5 cent per share has not been recognised in these consolidated financial statements as it was declared subsequent to 31 December 2020.

	Consolidated			
	2020 Cents per share	2019 Cents per share	2020 $	2019 $
Fully paid ordinary shares				
Final dividend in respect of the previous financial year				
– No franking credits attached	0.50	0.50	375,566	330,250
Interim dividend in respect of the current financial year				
– No franking credits attached	0.50	0.50	376,853	330,251
	1.00	**1.00**	**752,419**	**660,501**

20. Financial risk management objectives

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

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

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

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

(a) Interest rate risk

As the Group has moved into a no debt, strong cash position, the main interest rate risk is now in cash assets exposure.

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

At 31 December 2020, 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	
	2020 $	2019 $
Judgements of reasonably possible movements:		
Loss before income tax		
+1.0% (100 basis points)	18,743	126,396
–0.5% (50 basis points)	(9,371)	(63,198)

The movements in profit are due to possible higher or lower interest income from cash balances.

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For the year ended 31 December 2020

20. Financial risk management objectives (continued)

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

(a) Interest rate risk (continued)

Consolidated Year ended 31 December 2020	Note	Weighted average interest rate	Non interest bearing	Floating interest rate	Fixed interest maturing in 1 year or less	1 to 5 years	More than 5 years	Total
		%	$	$	$	$	$	$
Financial Assets								
Cash and cash equivalents	8	0.08%	–	1,874,285	–	–	–	1,874,285
Trade and other receivables	9	n/a	8,837,397	–	–	–	–	8,837,397
Total financial assets			8,837,397	1,874,285	–	–	–	10,711,682
Financial Liabilities								
Trade payables, third parties	15	n/a	4,400,270	–	–	–	–	4,400,270
Leases, third party	16	4.50%	–	–	148,567	711,863	3,846,042	4,706,472
Total financial liabilities			4,400,270	–	148,567	711,863	3,846,042	9,106,742
Net exposure			4,437,127	1,874,285	(148,567)	(711,863)	(3,846,042)	1,604,940

Consolidated Year ended 31 December 2019	Note	Weighted average interest rate	Non interest bearing	Floating interest rate	Fixed interest maturing in 1 year or less	1 to 5 years	More than 5 years	Total
		%	$	$	$	$	$	$
Financial Assets								
Cash and cash equivalents	8	0.35%	–	12,660,323	–	–	–	12,660,323
Trade and other receivables	9	n/a	3,979,595	–	–	–	–	3,979,595
Total financial assets			3,979,595	12,660,323	–	–	–	16,639,918
Financial Liabilities								
Trade payables, third parties	15	n/a	2,632,362	–	–	–	–	2,632,362
Leases, third party	16	4.50%	–	–	172,582	697,017	4,052,866	4,922,465
Total financial liabilities			2,632,362	–	172,582	697,017	4,052,866	7,554,827
Net exposure			1,347,233	12,660,323	(172,582)	(697,017)	(4,052,866)	9,085,091

20. 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 has no borrowings as at 31 December 2020.

Refer to the table above in Note 20(a) Interest Rate Risk, which reflects all contractually fixed pay-offs for settlement of financial liabilities and collection of financial assets. Trade payables and other financial liabilities generally originate from the financing of assets used in our ongoing operations such as investments in working capital e.g. inventories and trade receivables and investment in property, plant and equipment. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Board and management monitor the Group's expected settlement of financial assets and liabilities on an ongoing basis.

The Group monitors the rolling forecast of liquidity reserves based on expected cash flow.

Consolidated Year ended 31 December 2020		**Less than 6 months**	**6 months to 1 year**	**1 year to 5 years**	**Greater than 5 years**	**Total**
	Note	**$**	**$**	**$**	**$**	**$**
Trade payables, third parties	15	4,400,270	–	–	–	4,400,270
Leases, third party	16	79,797	68,770	711,863	3,846,042	4,706,472
		4,480,067	**68,770**	**711,863**	**3,846,042**	**9,106,742**

Consolidated Year ended 31 December 2019		**Less than 6 months**	**6 months to 1 year**	**1 year to 5 years**	**Greater than 5 years**	**Total**
	Note	**$**	**$**	**$**	**$**	**$**
Trade payables, third parties	15	2,632,362	–	–	–	2,632,362
Leases, third party	16	86,485	86,097	697,017	4,052,866	4,922,465
		2,718,847	**86,097**	**697,017**	**4,052,866**	**7,554,827**

(d) Commodity price risk

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

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For the year ended 31 December 2020

20. 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 83% (2019: 83%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst approximately 56% (2019: 54%) of costs are denominated in the unit's functional currency.

At 31 December 2020, the Group had the following financial instrument exposure to foreign currency fluctuations:

	Consolidated	
	2020 $	2019 $
United States dollars		
Amounts payable	694,078	594,663
Amounts receivable	–	109,299
Euros		
Amounts payable	3,811,291	191,107
Amounts receivable	3,444,878	2,132,103
Canadian dollars		
Amounts payable	48,144	–
Amounts receivable	569,256	562,159
Swedish Kroners		
Amounts payable	5,757	67,161
Amounts receivable	922,566	391,166
Japanese Yen		
Amounts payable	10,648	10,033
Amounts receivable	–	3,056
Net exposure	(366,782)	(2,334,819)

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

Forward Exchange Contracts
The Company has not entered into foreign exchange forward contracts as at 31 December 2020.

Fair values
All of the Group's financial instruments recognised in the Statement of Financial Position have been assessed at their fair values using Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

20. Financial risk management objectives (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 other foreign currency fluctuations.

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

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

	Consolidated	
	Increase in AUD of 10% $	**Decrease in AUD of 10% $**
Euro		
31 December 2020		
Net profit/(loss)	74,164	(81,580)
Equity increase/(decrease)	74,164	(81,580)
31 December 2019		
Net (loss)/profit	(171,487)	188,636
Equity (decrease)/increase	(171,487)	188,636
CAD		
31 December 2020		
Net (loss)/profit	(47,374)	52,111
Equity (decrease)/increase	(47,374)	52,111
31 December 2019		
Net (loss)/profit	(51,105)	56,216
Equity (decrease)/increase	(51,105)	56,216
USD		
31 December 2020		
Net profit/(loss)	63,098	(69,408)
Equity increase/(decrease)	63,098	(69,408)
31 December 2019		
Net profit/(loss)	44,124	(48,536)
Equity increase/(decrease)	44,124	(48,536)
SEK		
31 December 2020		
Net (loss)/profit	(83,346)	91,681
Equity (decrease)/increase	(83,346)	91,681
31 December 2019		
Net (loss)/profit	(29,455)	32,401
Equity (decrease)/increase	(29,455)	32,401

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21. Commitments & contingencies

(a) Capital commitments

Cyclopharm has entered into agreements to fund research projects with unrelated institutions. The commitments for these projects total $476,291 (2019: $423,473) and will be expensed when incurred. Payments will be made based on the achievement of certain milestones.

There were no other capital commitments as at the date of this report (2019: $nil).

(b) Contingent liabilities

In December 2019, a business venture collaboration agreement combined CycloPet Pty Ltd and Pettech Solutions Limited's cyclotron facilities under a single operating enterprise known as Cyclotek NSW Pty Limited ("Cyclotek NSW"). Cyclopharm and Cyclotek NSW have entered into a sub-lease agreement as tenants in common whereby Cyclotek NSW is solely responsible for the tenant's obligations except for make good obligations until such time as it exercises the right to transfer its interest as tenant in common to Cyclopharm. Being a tenant in common, Cyclopharm's contingent liabilities as at 31 December 2020 amounts to $3,366,657 (2019: $3,366,657) if Cyclotek NSW is unable to fulfil its obligations as tenant. The amount comprises payments under a sub-lease agreement commencing 1 January 2020 until the expiry of two options to renew expiring on 31 December 2039 with a rent-free period until 31 December 2022.

There were no other contingent liabilities as at the date of this report (2019: $nil). In December 2019, Cyclopharm issued 300,000 ordinary shares in exchange for the termination of a put option to a 50% shareholder of Macquarie Medical Imaging Pty Limited ("MMI"). The cost had the put option been exercised at 31 December 2018 was estimated not to exceed $2,838,442

22. Related party disclosures

The consolidated financial statements include the financial statements of Cyclopharm and its subsidiaries as listed below. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have been eliminated on consolidation and are not disclosed in this 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 9 Trade and Other Receivables and Note 15 Trade and Other Payables):

		Purchases from related parties	Amounts owed by/(to) related parties
		$	$
Cell Structures Pty Ltd	2020	53,971	(25,035)
Cell Structures Pty Ltd	2019	51,935	(28,611)

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 $53,971 (2019: $51,935) were made to Cell Structures Pty Ltd (an entity controlled by Director, Mr. Tom McDonald). All payments relate to Mr. McDonald's role as a non-executive director including consultancy services provided by him.

Transactions between related parties are at normal commercial prices and on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Controlled Entities

Name	Note	Country of Incorporation	Percentage of equity interest held 2020	2019
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 Benelux bvba (formerly known as Inter Commerce Medical bvba)	4	Belgium	100%	100%
Cyclomedica Nordic AB (formerly known as Medicall Analys AB)	5	Sweden	100%	100%
Cyclomedica Germany GmbH	6	Germany	100%	100%
Cyclomedica Canada Limited	7	Canada	100%	100%
Cyclomedica USA LLC	8	United States of America	100%	100%
Cyclomedica UK Ltd	9	United Kingdom	100%	100%

Notes

1. Cyclopharm Limited is the ultimate parent entity in the wholly owned group.
2. Audited by Nexia Sydney Audit Pty Ltd, Australia.
3. Audited by Andrew P.Quinn & Associates Limited, Republic of Ireland.
4. Audited by HLB Dodemont – Van Impe, Belgium, acquired on 1 October 2017.
5. Audited by Nexia Revision, Stockholm, Sweden, acquired on 1 May 2018.
6. Audited by Bilanzia GmbH Wirtschaftsprufungsgesellschaft, Germany.
7. Audited by Schwartz Levitsky & Feldman LLP, Toronto, Canada.
8. Dormant.
9. Unaudited as results are not material.

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23. Events after the balance date

Final dividend
On 25 February 2021, the Directors declared a final unfranked dividend of 0.5 cent per share in respect of the financial year ended 31 December 2020, payable on 13 April 2021.

Shares issued
(i) On 1 February 2021, 11,538,462 ordinary shares were issued at a price of $2.60 per new share in connection with an institutional share placement.

(ii) On 19 February 2021, 1,153,847 ordinary shares were issued at a price of $2.60 per new share in connection with a share purchase plan to eligible shareholders and 408,059 LTIP shares were issued at an exercise price of $3.20 per share.

No other matters or circumstances have arisen since the end of the financial year, not otherwise dealt with in the financial report, which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial periods.

24. Auditors' remuneration

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

	Consolidated	
	2020 $	2019 $
Amounts received or due and receivable by the auditor of the parent entity and associated entities for:		
Audit and review of the financial statements	139,611	164,016
Other services:		
– tax compliance	30,771	15,448
– share registry	38,170	38,784
	208,552	**218,248**
Amounts received or due and receivable by other audit firms for:		
Audit of the financial statements of controlled entities	132,809	127,704
Other services	113,559	94,471
	246,368	**222,175**

25. Director and key management personnel disclosures

Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 are provided in the Remuneration Report Section of the Directors' report.

Summary of remuneration of Directors & Key Management Personnel:

	Short-term employee benefits		Post employment benefits	Other long-term benefits	Share-based payment	Total
	Salary and Fees $	Cash Bonus $	Super-annuation $	$	$	$
2020	828,381	50,000	69,632	42,723	714,484	1,705,220
2019	783,003	80,000	64,416	6,616	359,818	1,293,853

Short-term salary, bonus, fees and leave
These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other Key Management Personnel.

Post-employment benefits
These amounts are the current-year's estimated cost of providing for superannuation contributions made during the year.

Other long term benefits
These amounts represent long service leave benefits accruing during the year.

Termination benefits
These amounts represent termination benefits paid out during the year.

Share based payment expense
These amounts represent the expense related to the participation of Key Management Personnel in equity-settled benefit schemes as measured by the fair value of the Implied Options granted on grant date.

Further information in relation to Key Management Personnel remuneration can be found in the Directors' Report.

Notes to the Consolidated Financial Statements

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26. 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	
	2020 $	2019 $
Expense arising from equity-settled share-based payment transactions (note 5)	795,600	378,368

The share-based payment reserve at 31 December 2020 was $1,836,973 (2019: $1,041,373).

(b) Share-based payment other than implied options

(i) During the previous year, the Company issued shares to settle a contingent liability in relation to Macquarie Medical Imaging Pty Limited ("MMI") as set out in Note 13 (b), and

(ii) During the year on 24 July 2020, the Company issued 257,750 (2019: 269,911) ordinary shares to the Managing Director for nil consideration. These shares are freely traded on and from the date of issue as approved by shareholders on 9 July 2020.

(c) 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 other than an amendment to allow allotment or transfer of Plan shares to an entity wholly owned and controlled by the participant. The amendment was approved by members at the Annual General Meeting held on 26 May 2015. An updated Plan was approved by members at the Annual General Meeting held on 29 May 2018.

Shares
Long Term Incentive Plan ("Plan") Shares ("Shares") are granted to certain 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 a Participant 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 with an updated Plan approved by Shareholders on 29 May 2018.

Implied Options
AASB 2 Share Based Payments requires that the benefit to an employee arising from an employee share scheme such as the Cyclopharm Long Term Incentive Plan be treated as an expense over the vesting period. All of the issues of Plan shares have been treated as Plan Share Options ("Implied Options") in accordance with AASB 2. The employee benefit is deemed to be the Implied Option arising from the Plan. Consequently, the value of the discount which has been determined using the Black Scholes option pricing model will be charged to the Statement of Comprehensive Income and credited to the Employee Equity Benefits Reserve over the vesting period.

Where employee shares are issued under a non-recourse loan payment plan, the loan assets and the increments to Contributed Equity are not recognised at grant date but rather the increments to Contributed Equity are recognised when the share loans are settled by the relevant employees.

26. Share based payment plans (continued)

(d) Summary of Options and Implied Options granted

The following table summarises the movements in Options during the current year:

		Consolidated		Weighted Average Exercise Price	
		2020 Number	2019 Number	2020 $	2019 $
Balance at the beginning of the year		1,125,000	725,000	1.14	1.35
Granted during the year		1,802,750	669,614	1.38	0.45
Vested but unexercised during the year	(i)	(482,750)	(269,614)	–	–
Balance at the end of the year		**2,445,000**	**1,125,000**	**1.34**	**1.14**
Vested but unexercised at the end of the year		2,590,236	2,193,576		

(i) 225,000 LTIP shares (2019: nil) vested during the year.

(e) Range of exercise price, weighted average remaining contractual life and weighted average fair value

The weighted average exercise price for Options and Implied Options at the end of the year was $1.02 (2019: $0.92). The weighted average remaining contractual life for the Options and Implied Options outstanding as at 31 December 2020 is 1.61 years (2019: 3.93 years). The weighted average fair value of Options and Implied Options granted during the year was $0.50 (2019: $0.98).

(f) Implied 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:

	Options	Implied Options	Implied Options	Implied Options	Implied Options	Implied Options	Implied Options	Implied Options
Exercise price per Option	$0.00	$1.55	$1.50	$0.00	$1.22	$1.22	$1.83	$0.00
Number of recipients	1	1	2	1	23	4	1	1
Number of Options	200,000	500,000	200,000	269,614	215,000	830,000	500,000	257,750
Grant date	27/05/19	2/07/18	30/05/19	11/12/19	4/05/20	4/05/20	24/07/20	24/07/20
Dividend yield	–	–	–	–	–	–	–	–
Expected annual volatility	42.99%	41.00%	42.99%	42.99%	51.00%	51.00%	58.00%	58.00%
Risk-free interest rate	1.23%	2.09%	1.23%	0.80%	0.22%	0.26%	0.26%	0.26%
Expected life of Option (years)	6.18 years	0.5 years	2 years	2.5 years	2 years	3 years	1.85 years	1.80 years
Fair value per Option	$1.431	$0.153	$0.366	$1.065	$0.308	$0.380	$0.315	$1.410
Share price at grant date	$1.47	$0.99	$1.49	$1.065	$1.16	$1.16	$1.41	$1.41
Model used	Expensed at market price at grant date over expected life of Option	Black Scholes	Black Scholes	Expensed at market price at grant date over expected life of Option	Black Scholes	Black Scholes	Black Scholes	Expensed at market price at grant date over expected life of Option

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

27. Parent entity disclosure

	2020 $	2019 $
(i) Financial Position		
Assets		
Current Assets	3,564,080	10,335,490
Non-current Assets	30,193,540	22,410,228
Total Assets	33,757,620	32,745,718
Liabilities		
Current Liabilities	752,575	180,645
Non-current Liabilities	10,319,193	10,469,275
Total Liabilities	11,071,768	10,649,920
Net assets	22,685,852	22,095,798
Equity		
Contributed equity	31,832,959	31,776,534
Employee equity benefits reserve	1,836,973	1,041,373
Accumulated Losses	(10,984,080)	(10,722,109)
Total Equity	22,685,852	22,095,798
(ii) Financial Performance		
Profit for the year	490,449	953,905
Other comprehensive income	–	–
Total Profit for the year	490,449	953,905

28. Reserves

Nature and purpose of reserves:

(a) Employee equity benefits reserve
The employee share based payments reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration.

(b) Foreign currency Translation Reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Directors' Declaration

In the opinion of the Directors of Cyclopharm Limited:

1. (a) The financial statements and notes of the consolidated entity as set out on pages 34 to 72 are in accordance with the *Corporations Act 2001*, including:
    (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the year ended on that date; and
    (ii) complying with Accounting Standards which, as stated in accounting policy Note 2(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2020.

Signed in accordance with a resolution of the Directors:

James McBrayer
Managing Director and CEO

Sydney, 29 March 2021

Nexia Australia

Independent Audit Report

Independent Auditor's Report to the Members of Cyclopharm Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cyclopharm Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Key audit matters

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

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Independent Auditor's Report to the Members of Cyclopharm Limited (continued)

Key audit matter	How our audit addressed the key audit matter
Capitalised Development Costs for Ultralute ($2,619,492) Refer to note 14 Included in the Group's intangible assets are capitalised development costs $2,619,492 in respect of the Ultralute product. Capitalised Ultralute development costs are considered to be a key audit matter due to the quantum of the asset; the degree of management judgement and assumptions applied in measuring the carrying value of the asset; and assessing the presence of impairment of a development phase asset. The most significant and sensitive judgments incorporated into the assessment for impairment of capitalised development costs include projections of cash flows, discount rates applied and assumptions regarding the Group's ability to exploit new markets. Other considerations and judgments include whether the capitalised costs qualify for capitalisation as development phase costs in accordance with AASB 138 *Intangible Assets*. This includes an understanding of the Group's process for recording and measuring internally developed assets and the Group's ability to complete the development and demonstrate its ability to generate future cash flows from that asset.	Our procedures included, amongst others: – We assessed the project against the requirements for capitalisation contained in AASB *138 Intangible Assets.* – We tested material expenditure capitalised during the year and checked that they were appropriately allocated to the development asset. – We assessed management's determination of the Group's cash generating units based on our understanding of the nature of the Group's business and how earnings streams are monitored and reported. – We tested the Group's assumptions and estimates used to determine the recoverable value of its assets, including those relating to forecast revenue, cost, capital expenditure, and discount rates by corroborating the key market related assumptions to external data and by reference to our understanding of the business. – We performed sensitivity analysis in two main areas to assess whether the carrying value of the capitalised development costs exceeded its recoverable amount. These were the discount rate and growth assumptions.
Inventory Valuation and existence ($4,736,017) Refer to note 10 The Group holds a significant amount of inventory which are complex medical machines with significant useful lives. Inventory may be held for long periods of time before sale making it vulnerable to obsolescence or theft. Further, deterioration in global economic conditions can potentially lead to this inventory being sold at reduced prices or lead to a reduction in revenue. The inventory is considered to be a key audit matter due to the significant increase of inventory at year end in anticipation of entering new markets and also due to the change in assembly method of the generators from full assembly to sub-assemblies. As a result, there is a risk that inventory is carried in excess of its net realizable value.	Our procedures included, amongst others: – We performed stocktake procedures on a sample of inventory items to ascertain their existence at balance date. – We agreed a sample of inventory items to purchase invoices to test that costs assigned to inventories are appropriate. – We agreed a sample of raw materials through to the assembled finish good to determine whether these were assembled in accordance with the underlying sub-assemblies and related bill of materials. – We obtained evidence that inventory did not exceed its net realizable value by: » Checking a sample of inventory items to subsequent selling price; » Reviewing aged inventory report for any slow moving items; and » Considering management's plans for entering new markets.

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Independent Auditor's Report to the Members of Cyclopharm Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information in Cyclopharm Limited's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

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Independent Auditor's Report to the Members of Cyclopharm Limited (continued)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 32 of the Directors' Report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Cyclopharm Limited for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

Nexia Sydney Audit Pty Limited

Andrew Hoffman
Director

Date: 29 March 2021

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Shareholder Information

The following information is current at 28 February 2021

A. Substantial Shareholders

The following have advised that they have a relevant interest in the capital of Cyclopharm Limited. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Shareholder	No. of ordinary shares held	Percentage held of issued ordinary capital
National Nominees Limited	13,556,315	14.52%
Anglo Australian Christian and Charitable Fund	13,211,332	14.15%
Barings Acceptance Limited	11,444,962	12.26%
HSBC Custody Nominees (Australia) Limited - A/c 2	9,091,031	9.74%
Chemical Overseas Limited	8,005,769	8.57%
CVC Limited	6,644,758	7.12%
Mr James McBrayer	5,109,580	5.47%

B. Distribution of Equity Security Holders

(i) Analysis of numbers of equity security holders by size of holding as at 28 February 2021

Category	Ordinary Shareholders	Percentage held of issued ordinary capital
1 – 1,000	265	0.14%
1,001 – 5,000	486	1.53%
5,001 – 10,000	230	1.90%
10,001 – 100,000	255	7.80%
100,001 and over	52	88.63%
Total	1,288	100.00%

(ii) There were 47 holders of less than a marketable parcel of ordinary shares.

C. Equity Security Holders

	Twenty largest quoted equity security holders	Number held	Percentage of issued shares
1	National Nominees Limited	13,556,315	14.52%
2	Anglo Australian Christian and Charitable Fund	13,211,332	14.15%
3	Barings Acceptance Limited	11,444,962	12.26%
4	HSBC Custody Nominees (Australia) Limited - A/c 2	9,091,031	9.74%
5	Chemical Overseas Limited	8,005,769	8.57%
6	CVC Limited	6,644,758	7.12%
7	CS Third Nominees Pty Limited	1,722,125	1.84%
8	McBrayer Reid Investments Pty Ltd <LTIP Account Holding 6>	1,721,554	1.84%
9	Citicorp Nominees Pty Limited	1,202,550	1.29%
10	Chemical Overseas Limited	1,182,239	1.27%
11	Phillips River Pty Ltd	1,038,914	1.11%
12	CS Fourth Nominees Pty	1,015,547	1.09%
13	Lloyds & Casanove Investment Partners Ltd	987,503	1.06%
14	Mr James McBrayer	861,728	0.92%
15	Mr James McBrayer	861,728	0.92%
16	South Seas Holdings Pty Limited	686,538	0.74%
17	City & Westminster Limited	556,327	0.60%
18	Mathew Farag <LTIP Account Holding 4>	500,000	0.54%
19	McBrayer Reid Investments Pty Ltd <LTIP Account Holding 8>	500,000	0.54%
20	Malackey Holdings Pty Ltd	431,758	0.46%
		75,222,678	80.56%
	Other equity security holders	18,152,145	19.44%
	Total	93,374,823	100.00%

D. Voting Rights

The Company's constitution details the voting rights of members and states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

Corporate directory

Directors

- David Heaney
  Non-Executive Chairman
- James McBrayer
  Managing Director & CEO
- Thomas McDonald
  Non-Executive Director

Company Secretary
James McBrayer

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Cyclomedica Germany GmbH
Marie-Curie Strasse 8
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Germany

Cyclomedica Europe Ltd
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Ireland

Cyclomedica Nordic AB (formerly known as Medicall Analys AB)
Gustavslundsvagen 145
SE-16751 Bromma
Sweden

Cyclomedica Benelux bvba (formerly known as Inter Commerce Medical bvba)
Rue des Francs 79
Etterbeek 1040
Belgium

Cyclomedica UK Ltd
Suite 1 Braebourne House
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Almondsbury Business Park
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Auditors
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Share Registry
Effective 29 March 2021

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E: hello@automic.com.au
W: www.automic.com.au

Bankers
National Australia Bank
Level 21, 255 George Street
Sydney NSW 2000

Solicitors
HWL Ebsworth
Level 19, 480 Queen Street
Brisbane QLD 4001

Securities Exchange Listing
The ordinary shares of Cyclopharm Limited are listed on the Australian Securities Exchange Ltd (code: CYC)

Corporate Governance Statement
https://www.cyclopharm.com/corporate-governance/

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