Cyclopharm Limited
Appendix 4E

1. Company details

Name of entity

CYCLOPHARM LIMITED		
ABN or equivalent company reference	**Financial year ended ('current period')**	**Financial year ended ('previous period')**
74 116 931 250	31 December 2020	31 December 2019

2. Results for announcement to the market

2.1 Revenues from ordinary activities	up	4.2%	to	14,676,157
2.2 Loss from ordinary activities after tax attributable to members	up	107.5%	to	(6,043,636)
2.3 Net Loss for the period attributable to members	up	107.5%	to	(6,043,636)

2.4 Dividends	Amount per security	Franked amount per security
Final dividend proposed	0.5 cent	0.0 cent
Interim dividend - 2020	0.5 cent	0.0 cent

The Directors have resolved to pay a final unfranked dividend in respect of the financial year ended 31 December 2020 of 0.5 cent per share payable on 13 April 2021. An unfranked interim dividend in respect of the financial year ended 31 December 2020 was paid on 14 September 2020.

Ex-dividend date	Thursday, 1 April 2021
Record date for determining entitlements to the final dividend	Tuesday, 6 April 2021
Payment date	Tuesday, 13 April 2021

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

Key features of Cyclopharm's financial results for the 2020 year included:

- Significant progress made with the FDA to secure approval of Technegas in the US – first commercial sales expected to start in H2 2021.
- Record Group revenue of $14.68 million, up 4.2% on the prior comparable period (PCP).
- Technegas™ sales rebound by 51.4% after first half pandemic impact to resulting in a full year decline in revenue by 12% to $12.35 million.
- A new and ongoing third-party distribution revenue stream delivers $2.2 million of revenue in FY20.
- $3.31 million invested on USFDA approval process of Technegas™ - now at final stage of the approval process.
- Net cash position at year-end of $1.87 million, bolstered by successful share placement and retail share purchase plan, raising $33 million, in February 2021.
- Approved R&D tax incentive resulting in Other Income of $3.0 million received in February 2021.
- Cyclopharm is now fully funded for the next phase of growth.
- Good progress in developing new clinical applications providing large, long term growth opportunities for Technegas™ – Beyond PE.
- Final dividend maintained at 0.5 cents per share (cps), bringing total unfranked dividends for FY20 to 1.0 cps.
- Increasing Direct Customer access with the establishment of offices in Brussels Belgium and Bristol, United Kingdom.

Further information is included in Attachment 1.

3. Statement of financial performance

Refer Attachment 1.

4. Statement of financial position

Refer Attachment 1.

5. Statement of cash flows

Refer Attachment 1.

6. Statement of retained earnings

Refer Attachment 1.

7. Dividends

Refer paragraph 2.4

8. Dividend reinvestment plans

The Group does not have a dividend reinvestment plan.

9. Net tangible assets

Refer Attachment 1.

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

Control over entities

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

Loss of control over entities

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

11. Details of associates and joint venture entities

Refer Attachment 1.

12. Significant Information

Refer Attachment 1.

13. Foreign Entities

Refer Attachment 1.

14. Commentary on results for the period

Refer Attachment 1.

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

The accounts are in the process of being audited.

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

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

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

Not applicable

Contact details:

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Cyclopharm Limited

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Appendix 4E
Preliminary Final Report
For the year ended 31 December 2020

cyclopharm

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Managing Director's Report

MANAGING DIRECTOR'S REVIEW

Key features of Cyclopharm's financial results for the 2020 year include:

- **Significant progress made with the FDA to secure approval of Technegas in the US – first commercial sales expected to start in H2 2021**
- **Record Group revenue of $14.68 million, up 4.2% on the prior comparable period (PCP)**
- **Technegas™ sales rebound by 51.4% after first half pandemic impact to resulting in a full year decline in revenue by 12% to $12.35 million**
- **A new and ongoing third-party distribution revenue stream delivers $2.2 million of revenue in FY20**
- **$3.31 million invested on USFDA approval process of Technegas™ - now at final stage of the approval process.**
- **Net cash position at year-end of $1.87 million, bolstered by successful share placement and retail share purchase plan, raising $33 million, in February 2021.**
- **Approved R&D tax incentive resulting in Other Income of $3.0 million received in February 2021**
- **Cyclopharm is now fully funded for the next phase of growth**
- **Good progress in developing new clinical applications providing large, long term growth opportunities for Technegas™ – Beyond PE**
- **Final dividend maintained at 0.5 cents per share (cps), bringing total unfranked dividends for FY20 to 1.0 cps.**
- **Increasing Direct Customer access with the establishment of offices in Brussels Belgium and Bristol, United Kingdom**

Dear Shareholders,

Cyclopharm delivered another solid financial performance in 2020 and continues to make progress in executing on growth objectives.

Cyclopharm has four major strategies for growth:

- ✓ **Grow Technegas™** sales by attaining approval to distribute Technegas™ in the USA in 2021;
- ✓ **Expand the use of Technegas™** beyond the traditional diagnosis of Pulmonary Embolism (PE) into significantly larger applications such as Chronic Obstructive Pulmonary Disease (COPD), Asthma, Lung Cancer, Lung Volume Reduction and Pulmonary Hypertension for both diagnosis and patient management;
- ✓ **Identify, develop and commercialise complementary innovative technology** such as Ultralute™; and
- ✓ **Leverage our core** global regulatory strengths, fiscal discipline, strong balance sheet and well-developed expertise in nuclear medicine and pulmonary healthcare by seeking out complementary technologies and businesses.

Against these objectives, during 2020, Cyclopharm delivered a record revenue performance and entered the final stage of the approval process to commence sales of Technegas™ in the USA market in 2021.

The company focussed its attention on progressing United States Food and Drug Administration (USFDA) approval, while continuing to invest in further R&D and support of clinicians to expand the use of Technegas™ in new diagnostic applications as part of our 'Beyond PE' initiatives. With new offices opening in Brussels, Belgium and Bristol, England, the company also continued to leverage our operational infrastructure, regulatory resources and direct marketing capabilities to expand our distribution partnerships which now include Jubilant Draximage, ROTOP, Lucerno and Tema Sinergie.

Managing Director's Report
Continued

FINANCIAL PERFORMANCE

In an unprecedented and challenging year, impacted by SARS-CoV-2 (COVID-19), Cyclopharm generated total revenues in FY 2020 of $14.68 million, up 4.2% on the prior year. Sales revenue from our core Technegas™ business rebounded strongly in the second half, following COVID-19 disruption in the first half.

In line with trends observed with many diagnostic procedures globally, sales in our core proprietary technology Technegas™, used in functional lung imaging primarily for the detection of pulmonary embolism, were impacted in the first half of 2020 by delays to medical procedures caused by the pandemic. Following the introduction of improved patient processing procedures and the availability of personal protection equipment (PPE) for health care workers, Technegas™ procedures rebounded strongly with consumable revenue increasing by 45.9% in the second half of the year over the previous half, from $3.7m to $5.4m. This recovery in second half consumable sales compared to H1 was driven by the resumption of orders in all markets including France and China.

In addition, earnings from our agreements to distribute 3rd Party products in Europe, a new revenue stream in FY20, added $2.2 million of additional revenues for FY 2020 and helped to offset the impact of COVID-19. 3rd Party distribution revenue is driven by a mix of radiopharmaceuticals, capital equipment and associated consumables. These products, whilst at lower margins than our proprietary Technegas™ products are expected to be an ongoing source of complementary profits. In the current financial year, the Company expects to expand this revenue stream in new markets, including Australia.

Cyclopharm recorded a loss before tax of approximately $5.84 million, an increase of $3.42 million loss on the prior year's loss of $2.42 million. This performance primarily reflects the ongoing investment required for Cyclopharm to meet global regulatory requirements, which include the heavy investment required for the USFDA approval process.

Expenditure on the Technegas™ USFDA regulatory approval process in 2020 was $3.31 million, compared to $3.84 million in the prior year. $12.71 million has been spent on the current USFDA approval process project up to 31 December 2020.

Subsequent to the year end, in February 2021, Cyclopharm announced it had successfully raised A$33.0 million via a highly successful 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 5 trading days prior to the announcement of the SPP Offer.

Funds raised under the oversubscribed Placement and Share Purchase Plan will primarily be used to support the rapid USA commercialisation of Technegas™ following USFDA approval, targeted in Q2 2021. The US sales strategy will involve the placement of generators for no capital cost to customers, supporting rapid penetration in the US market, with a focus on securing high margin, long-term recurring consumable revenue.

In addition, the net proceeds of the raise after costs will also 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 R&D activity, 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 $3,004,893 for the year compared to $2,934,187 reported in 2019.

Managing Director's Report
Continued

Net loss before tax for the year was $5,844,109 compared to net loss before tax of $2,424,943 in the prior year and includes $3.31 million of pre-tax expenses associated with the Group's United States Food and Drug Administration (USFDA) New Drug Application for Technegas™, and $609,000 of foreign exchange losses, principally associated with currency movements between the time of payment and refund of the US$2.9 million USFDA New Drug application deposit.

OPERATIONS AND STRATEGY

During the year to 31 December 2020, we continued to successfully execute the Company's growth strategy of leveraging its significant intellectual property, technology and technical expertise to broaden sales into new countries and expand end-use device applications and complementary businesses. While COVID-19 interrupted many customers' activities, Cyclopharm continued to prioritise employee safety and welfare and execute on its own growth strategy.

Operating highlights for the year included:

- Submission of USFDA New Drug Application in March 2020 with final phase of USFDA approval to market and distribute Technegas™ in the United States on track
- US sales targeted for H2 2021 following a USFDA pre-approval inspection scheduled for the week commencing 29 March 2021
- Strong support for Technegas™ in the USA expressed from frontline healthcare workers based on clinical outcomes and safety concerns of competitor products that pose a potential greater risk of viral contamination as compared to Technegas™.
- Initiation of further pilot clinical trials targeting new applications for Technegas™ in chronic respiratory disease states and post COVID-19 infection
- Technegas™ procedures rebound following initial reactions to the COVID-19 pandemic.
- Technegas™ H2 consumable sales recover sharply post initial COVID-19 impact
- Favourable progress made with regard to the litigation process against former employees, which is expected to be successfully resolved in 2021
- In anticipation of US market entry, the Board is considering appointing an additional Director during 2021 with related experience linked to the Company's strategic growth objectives.

EXPAND TECHNEGAS™ REVENUES

Technegas™ sales rebounded by 51.4% after the first half pandemic impact resulting in a full year decline in revenue by 12% to $12.35 million from $14.08 million in FY2019.

2,782 PAS sets were sold, which is 860 less than the previous year. PAS sets sold declined in every market due to the pandemic, with the largest impact being felt in the French and Canadian markets in H1 2019. Despite the decrease in PAS sales, a strong recovery in sales in the German market resulted in a 22% increase in PAS sets sold compared to FY 2019 while PAS sales in Scandinavia was in line with previous year.

Canada returned as the largest country market by volume with 696 PAS boxes sold, closely followed by France with 600 PAS boxes sold.

A total of 51 Technegas Generators were sold compared to 58 sold in FY19.

Managing Director's Report
Continued

The Technegas division benefited from $2.173m of new revenues generated by the sales of Rotop, TEMA and Draximage products under Cyclopharm's European 3rd party distribution agreements.

Sales of generators and other service revenue represented 27% of Technegas™ total revenue, down 6% on the prior year. The decrease was primarily a result of lower demand linked to H1 2020 COVID-19 disruption.

Sales of Patient Administration Sets (PAS) represented 73% of Technegas™ revenue. Each box of PAS is equal to 50 patient doses of Technegas™. Cyclopharm sold 2,782 PAS boxes (139,100 patient doses) in 2020 down 23.6% from 3,642 in 2019. In comparison PAS Revenue was only down 15%, despite the decline in volume, due to a favourable sales mix toward more profitable region. The Group's sales of PAS units was impacted by COVID-19, which resulted in a reduction in diagnostic procedures in the first half of the year.

Regional review

Europe was the best performing region in FY20 delivering sales of $10.44 million up 19% on 2019. The European result benefited from new $2.17 million of new sales generated through Cyclopharm's 3rd party distribution agreements. The underlying sales of Technegas™ products and services in Europe declined 5% to $8.27 million, despite the resumption of sales in France making it the largest European country market for Technegas products. In total 1,399 PAS sets were sold in Europe down from 1,803 in 2019 and 33 generators were sold down 1 from 2019. PAS sales in Germany recovered strongly from a resumption of imaging services following the initial COVID-19 outbreak resulting in PAS sales of 122 in 2020 up from 100 in 2019.

The Asia-Pacific region delivered a resilient performance in the face of the COVID-19 pandemic with revenues down 4% from $2.35 million in 2019 to $2.26 million in 2020. Generator sales across the Asian Pacific region were up by 30% to 10 units in 2020 driven by three additional generator sales in Australia. Asia-Pacific PAS set sales of 642 in 2020 were down 15% from 758 in 2019., The impact of COVID-19 in reducing the number of diagnostic procedures in Australia masked the recovery in that market from depressed demand for PAS sets in 2019, when a fault at ANSTO's manufacturing facility disruption the supply of the Molybdenum-99 isotope.

Canada reported sales of $1.76 million in 2020 down 31% compared to the record year of sales at $2.55 million in 2019. Canada saw generator sales decline by 2 to 7 in 2020 due to strong market share penetration and PAS sets decline by 23% to 696 reflecting the impact of COVID-19 and the strong comparator of the record year for sales in 2019.

Revenue in South Africa and Latin America was severely impacted by COVID-19 declining by 86%, from $438, 625 in 2019 to $62,506 in 2020. PAS set sales in Latin America were down 74% from 117 in 2019 to 30 in 2020 and generator sales declined 88% as one generator was sold in Latin America during 2020, down from 8 in 2019. There were no generator sales in South Africa in 2020 for the second year running and PAS set sales declined from 56 in 2019 to 15 in 2020, a drop of 73%.

SALES BY REGION ($MILLIONS)	2017	2018	2019	2020	CHANGE FY19 TO 20
Technegas™ - Canada	2.20	2.14	2.55	1.76	(31%)
Technegas™ - Europe	8.34	8.35	8.74	8.27	(5%)
3RD Party sales - Europe	0	0	0	2.17	100%
Technegas™ - Asia Pacific	2.37	2.66	2.35	2.26	(4%)
Technegas™ - Rest of World	0.28	0.25	0.44	0.06	(86%)
Total	**13.19**	**13.40**	**14.08**	**14.52**	**3%**

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 USA 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 to support their final steps towards granting final approval of Technegas™.

Based on these discussions and consistent with previous disclosure, the Company remains highly confident the approval process is on track to complete in 1H 2021.

In March 2020 the USFDA announced, as a result of the COVID-19 pandemic, that it was suspending all onsite inspections and will utilise alternatives to include desk-top and virtual audits. In an update to this policy, in August 2020 the Agency issued further guidance[1] that stated the Agency would be cautiously 'resuming prioritized domestic inspections" and "foreign pre-approval and for-cause inspection assignments that are not deemed mission-critical remain temporarily postponed, while those deemed mission-critical will still be considered for inspection on a case-by-case basis".

We were pleased to inform our shareholders that 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.

Given the current backlog of regular surveillance and pre-approval audits globally, the Company views this audit as acknowledgement to the clinical importance of Technegas™ in the fight against COVID-19.

STRONG CLINICAL SUPPORT IN THE USA

In June 2020, 77 US based Nuclear Medicine physicians wrote to the USFDA requesting an expedited NDA review for Technegas. In November 2020, a second letter was sent to the FDA with 90 physicians' signatures imploring both Cyclopharm and the FDA to move quickly towards approval.

[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)

With the USA in the grips of another significant surge in COVID-19 cases as foreshadowed in the November physician letter, a group of 102 front-line Nuclear Medicine Technologists have sent further correspondence to the FDA. These frontline healthcare professionals have implored the USFDA to expedite the approval of 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".

The previous correspondence, along with the recent letter from the 16,000-member Society of Nuclear Medicine and Molecular Imaging (SNMMI) in January 2021 to the USFDA requesting "Fast Track Approval", reinforces the Board's expectation there will be strong initial sales demand for Technegas™ following USFDA approval.

US MARKET ENTRY AND SALES MODEL

As previously announced, Cyclopharm is undertaking a number of activities to ensure it is well placed to rapidly roll out Technegas™ in the USA once USFDA approval has been achieved. These activities include, building inventory reserves, the Company has grown its inventories by $2.5 million to $4.7 million at year end; pursuing agreements for 3rd Party distribution, service and installation, and administrative support.

It is very important to emphasize that reimbursement for Technegas™ is based on established nuclear medicine procedures that are agnostic to the approved agents being used. Therefore, Technegas™ will be reimbursable from day-one.

In order to accelerate entry into the US market, the Company plans to supply Technegas™ Generators to US Hospitals and generate revenues through a 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 active in two stages. The first stage is the current addressable 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 representing around 480,000 procedures per annum achievable over a 5 to 7-year period.

The second stage of converting the US$180 million market is through 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. 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 continuing the implementation of an updated Quality Management System to include an Electronic Management System (EQMS) at our manufacturing facility in the 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.

MDSAP is a regulatory harmonisation initiative between Australia, Brazil, Japan, Canada and the United States. MDSAP compliance will minimise disruptions due to multiple regulatory audits, provide predictable audit schedules and incorporate the ISO 13485 compliance required for our CE mark in Europe. The Company attained MDSAP certification during 1H 2019.

The MDR replaces the Medical Device Directive (93/42/EEC) and Active Implantable Medical Device Directive (90/385/EEC). The MDR brings with it more scrutiny of technical documentation; it requires a higher level of assessment pertaining to the elements of product safety and performance by placing stricter requirements on clinical evaluation and post-market clinical follow-up; MDR also requires increased traceability of devices through the supply chain.

BEYOND PE – Substantially expanding the use of Technegas™

Cyclopharm is confident that the extension of Technegas™ into new applications such as the diagnosis and monitoring of COPD, asthma and other respiratory disease states will create opportunities to exponentially expand the market for Technegas™ beyond its traditional PE market.

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 reinforce the superior use of Technegas™ particularly in patients with COPD and the potential for nuclear medicine imaging.

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. These markets represent significant opportunities to expand sales of Technegas™ and drive shareholder value over the medium term.

Cyclopharm's commitment to the field of nuclear medicine is demonstrated by the several clinical research projects underway to expand the use of Technegas™ in a range of respiratory diseases we term 'Beyond PE'.

The Company's Beyond PE initiatives are linked to significant Research and Development activities, which were impacted by COVID-19 as the rate of patient recruitment for trials slowed during the first half of 2020 and in some cases has been put on hold. The Company understands these trials have recommenced. In addition, the Company has received enquiries from several third parties in the USA interested in conducting additional trials on Technegas™, including for

[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

matters associated 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 Ventilation and Perfusion Injury.

Study	Indication	Status: 01/02/2021	Reference(s)
CYC-009	Ventilation comparison of Technegas vs Xe133	Primary and Secondary endpoints met. Results reported September 2020	https://clinicaltrials.gov/ct2/show/NCT03054870
HMRI	Asthma/COPD	Fully Recruited 100 patients First publication pending	https://www.anzctr.org.au/Trial/Registration/TrialReview.aspx?id=373490 https://hmri.org.au/news-article/nuclear-imaging-clear-airway-diagnosis
McMasters University	Lung Resection Surgery	Recruitment Resumed 19 of 115 Patients Recruited	https://clinicaltrials.gov/ct2/show/NCT04191174
CHUM	COPD	Recruitment Resumed 4 of 30 Patients Fully Recruited	https://clinicaltrials.gov/ct2/show/NCT03728712
Woolcock Institute	Asthma/COPD	5 of 70 Patients Recruited	http://investor.cyclopharm.com/site/PDF/1561_0/BetterDefiningAirwaysDiseasewithTechnegas
Dalhousie University	Lung Transplant complications	Recruitment Resumed 12 of 30 Patients Recruited	https://canm-acmn.wildapricot.org/resources/Documents/Documents%20-%20Web%20pages/Édition%20spéciale%202019.pdf
McMasters University	COVID-19 Related Lung Ventilation and Perfusion Injury	Recruiting 25 of 92 Patients Recruited	https://clinicaltrials.gov/ct2/show/NCT04549636

COMMERCIALISING NEW TECHNOLOGIES - ULTRALUTE™

Ultralute™ is a proprietary technology, developed and owned by Cyclopharm, which extends the useful life of Molybdenum-99 (Mo-99) 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. 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.

OTHER BUSINESSES

Cyclopharm's distribution business secures new contracts

In 2020 Cyclopharm leveraged its regulatory expertise and operational footprint in Europe by securing third-party distribution agreements in Europe. These partnerships demonstrate the success of the Company's strategy to pursue revenue from distributing third parties' products, following the recent acquisition of certain of the Company's European distributors.

Throughout 2020 we commenced sales with TEMA Sinergie based in Italy, ROTOP Pharmaka based in Germany. In FY20 this third-party distribution business contributed A$2.2 million of revenue to the business at solid margins. This was particularly advantageous during 2020, a year in which COVID-19 resulted in a one-off impact to our Technegas™ business.

Most recently we initiated the first sales of a 5-year agreement with Jubilant Draximage Inc of Canada, to distribute its RUBY-FILL® Generators and accessories in 14 European countries.

Sales under the new Jubilant Draximage agreement commenced in late 2020. Subject to achieving certain sales targets, Cyclopharm anticipates the contract will contribute up to approximately €500,000 to gross annual profit before tax by FY2023.

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.

Business Venture Collaboration – CycloPet's Cyclotron Facility at Macquarie University Hospital

In late 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 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.

During the year, Cyclotek NSW Pty Ltd made a $0.15 million positive contribution to the Group's results. Cyclotek NSW Pty Ltd is a collaboration between Cyclopharm, Cyclotek (Aust) Pty Ltd and the Australian Nuclear Science and Technical Organisation (ANSTO') set up, in part, to realise the inherent value of Cyclopharm's legacy Cyclotron assets both to generate profits and contribute to enhanced health outcomes for the Australian community.

Under the terms of the joint venture Cyclopharm will contribute $40k per annum, over a period of 9 years, to fund the ongoing research activities of Cyclotek NSW and is entitled to receive a share of profits from the business venture collaboration.

Ongoing Litigation

As previously announced, 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.

Corporate Governance

In line with good corporate governance practices, Cyclopharm's Board continues to evaluate its skills and composition to ensure they appropriately support the Company's growth and governance requirements.

Specifically, in anticipation of US market entry and the ongoing work required to expand the use of Technegas™ beyond the PE market, the Board is considering appointing an additional director, with the requisite skills and experience 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.

Leadership Team

Cyclopharm's focus on its strategic pillars has allowed the Company to grow to the point where the USFDA approval, expected in H2 2021, to market Technegas™ in the US market will create a step change in the business' financial and operational performance and mark a new phase in the growth of the business.

Cyclopharm has, over several years, been building the team to take advantage of this transformational opportunity. 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 COO Mathew Farag.

The management team has been further strengthened with the appointments in 2019 of Ms. 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 integration of 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 revenue performance proved to be resilient in the face of the unprecedented impact of COVID-19 during 2020. Our ability to deliver record revenues despite the global pandemic validates our decision to take control of our distribution arrangements in Europe, creating new revenue streams from 3rd party distribution agreements that will support the Company's financial performance and create value for our shareholders.in the years to come.

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, from their lows in the first half of 2020, as the global market emerges from COVID-19 pandemic.

Securing approval to sell Technegas™ in the US market is a significant opportunity for Cyclopharm and in 2020 that process has progressed to its final phase. Cyclopharm has maintained an active and productive dialogue with the USFDA and the agreement for the FDA investigators to prioritise a Cyclopharm site inspection in Sydney in late March supports the view that Technegas™ is clinically important in the fight against COVID-19 and is expected to be approved during H1 2021 with sales to quickly follow early in H2 2021.

As the company progresses towards the anticipated USFDA's approval to market Technegas™ in the US market, we have been investing to build our inventory and sales capabilities and infrastructure to facilitate rapid market entry.

Cyclopharm is also progressing the Company's Beyond PE strategy with multiple studies underway to demonstrate Technegas'™' potential as diagnostic tools that can be deployed in the

Managing Director's Report
Continued

treatment of conditions beyond Pulmonary Embolism, in particular Chronic Obstructive Pulmonary Disease (COPD). Cyclopharm's view is our Beyond PE initiatives, which address respiratory disease states other than Pulmonary Embolism, 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 2020 we invested A$0.172 million in Beyond PE trials, which follows on from A$0.351 million in 2019.

In anticipation of US market entry and the ongoing work required to expand the use of Technegas™ beyond the PE market, the Board is considering appointing an additional director, with the requisite skills and experience 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 Q2 2021. The funds will also be used selectively to support the Beyond PE strategy designed to allow Cyclopharm to access new larger growth opportunities for Technegas™.

The combination of the Company's resilient financial performance and successful capital raising in February 2021 means we are fully funded for an expected entry into the US market during early H2 2021. We 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 to 1.0 cps.

Finally, I thank all my colleagues, the Cyclopharm Board, with a special thanks to my 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

Consolidated Statement of Profit or Loss And Other Comprehensive Income
for the year ended 31 December 2020

UNAUDITED

		Consolidated	
		2020	2019
	Notes	$	$
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)**
Loss per share (cents per share)	7	**cents**	**cents**
-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 Consolidated 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

UNAUDITED

	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	27	1,836,973	1,041,373
Foreign currency translation reserve	27	(696,100)	(552,244)
Accumulated losses		(15,657,242)	(8,861,187)
Total Equity		**17,115,850**	**23,203,945**

The Consolidated 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

UNAUDITED

	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 Consolidated 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

UNAUDITED

CONSOLIDATED	Contributed Equity	Other Contributed Equity	Total Contributed Equity	Retained Earnings / (Accumulated Losses)	Foreign Currency Translation Reserve (Note 27(b))	Employee Equity Benefits Reserve (Note 27(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 Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

1. CORPORATE INFORMATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

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

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

The financial report is presented in Australian dollars.

b) New and Amended Accounting Standards and Interpretations 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 dsissimilar 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 Comprehensive Income, except where deferred in equity as a qualifying cash flow hedge or net investment hedge. On disposal of a foreign entity the deferred cumulative amount in equity is recognised in the Statement of Comprehensive Income.

Group companies

The functional currency of the overseas subsidiaries Cyclomedica Ireland Limited, Cyclomedica Germany GmbH, Cyclomedica Europe Limited, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Income tax

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

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

Tax consolidation

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

	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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) 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”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Other taxes

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

v) Financial instruments

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

Loans and receivables

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

De-recognition of financial instruments

Financial liabilities

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

Impairment of financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w) Contributed equity

Share capital

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

Other contributed equity

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

y) Fair Value

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

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

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

z) Significant Accounting Judgements and Estimates

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 25 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 the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

3. 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		
	Technegas	Molecular Imaging	Total
Segments	$	$	$
Type of goods or service			
Sales of equipment and consumables	13,089,862	-	13,089,862
Income from Cyclotek NSW Pty Ltd	-	153,086	153,086
After sales services	1,433,209	-	1,433,209
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		
	Technegas	Molecular Imaging	Total
Segments	$	$	$
Type of goods or service			
Sales of equipment and consumables	12,774,045	-	12,774,045
After sales services	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 and contract assets arising from contracts with customers.

4. SEGMENT REPORTING

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.

4. SEGMENT REPORTING (continued)

Business Segments

For the year ended 31 December 2020	Technegas $	Consolidated Molecular Imaging $	Total $
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)

4. SEGMENT REPORTING (continued)

Business Segments

For the year ended	Technegas	Consolidated Molecular Imaging	Total
31 December 2019	**$**	**$**	**$**
Revenue			
Sales - Technegas	14,078,801	-	14,078,801
Income from Cyclotek NSW Pty Ltd	-	-	-
Sales - third party products	-	-	-
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			
Profit/(loss) before tax and finance costs	**(2,903,095)**	**758,411**	**(2,144,684)**
Finance costs	(267,796)	(12,463)	(280,259)
Profit/(loss) before income tax	**(3,170,891)**	**745,948**	**(2,424,943)**
Income tax expense	(1,019,968)	532,471	(487,497)
Profit/(loss) 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)

4. SEGMENT REPORTING (continued)

Geographical Segments

	Consolidated				
For the year ended	**Asia Pacific**	**Europe**	**Canada**	**Other**	**Total**
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				
For the year ended	**Asia Pacific**	**Europe**	**Canada**	**Other**	**Total**
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	25a	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)

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	(1,429,037)	(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	(954,215)	-
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**	**225,584**
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)	-
Temporary differences brought to account (reversed)	277,568	(277,568)
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 EARNINGS 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
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.

Loss per share

	Consolidated	
	2020	2019
	cents	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.

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).

Reconciliation of Statement of Cash Flows	2020	2019
	$	$
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)**

8. CASH AND CASH EQUIVALENTS (continued)

(b) Non-cash financing and investing activities

All LTIP shares as set out in Note 25 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 25 Share Based Payment Plans.

9. TRADE AND OTHER RECEIVABLES

		Consolidated	
		2020	2019
	Notes	$	$
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.

10. INVENTORIES

	Notes	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**

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2020 Consolidated	Leasehold Land and buildings $	Leasehold improvements $	Plant and equipment $	Leased Plant and Equipment $	Capital Work in Progress $	Total $
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**

* Impairment arising from the Group's decision to cease commercial production at its cyclotron facility at the end of April 2014. A collaboration agreement was signed in 2019 between the Group, Cyclotek (Aust) Pty Ltd and the Australian Nuclear Science and Technology Organisation whereby Cyclotek NSW Pty Ltd, a wholly owned subsidiary of Cyclotek (Aust) Pty Ltd, will leverage the cyclotron facility to manufacture new PET diagnostics and undertake research and development activities. However, extensive damage to the cyclotron facility was caused by substantial water damage in June 2014. Restoration to its former operational status has been delayed due to the COVID-19 pandemic. Accordingly, the suspended cyclotron business is not considered to be a discontinued operation pending completion of the restoration. 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 (z).

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended 31 December 2019 Consolidated	Land and buildings	Leasehold improvements	Plant and equipment	Leased Plant and Equipment	Capital Work in Progress	Total
		$	$	$	$	$
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)
Foreign exchange translation				-	-	-
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. A collaboration agreement was signed in 2019 between the Group, Cyclotek (Aust) Pty Ltd and the Australian Nuclear Science and Technology Organisation whereby Cyclotek NSW Pty Ltd, a wholly owned subsidiary of Cyclotek (Aust) Pty Ltd, will leverage the cyclotron facility to manufacture new PET diagnostics and undertake research and development activities. However, extensive damage to the cyclotron facility was caused by substantial water damage in June 2014. Restoration to its former operational status has been delayed due to the COVID-19 pandemic. Accordingly, the suspended cyclotron business is not considered to be a discontinued operation pending completion of the restoration. 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 (z).

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.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques

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

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

The Cyclopharm Board decided to cease commercial production at its Cyclotron facility at the end of April 2014 due to the impact on the Group's profits of the government-owned competition. 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 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 2020 $	Level 2 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.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

Name	**Principal Activities**	**Principal place of business**	**Measurement Method**	**Ownership Interest**	
				2020	**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.

		Consolidated	
		2020	2019
Extract from the associate's statement of financial position:	**Notes**	**$**	**$**
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)

		Consolidated	
		2020	2019
Extract from the associate's statement of comprehensive income:	**Notes**	**$**	**$**
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.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

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 Cyclomedica Benelux bvba (formerly known as Inter Commerce Medical bvba) on 1 October 2017 and Cyclomedica Nordic AB (formerly known as Medicall Analys AB) on 1 May 2018.

15. TRADE AND OTHER PAYABLES

		Consolidated	
	Notes	2020 $	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) Related party details are set out in the Note 21 Related Party Disclosures.

16. LEASE LIABILITIES

	Consolidated	
	2020 $	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
Consolidated	**$**	**$**
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	

18. DEFERRED INCOME LIABILITIES

	Consolidated	
	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.

Notes
Continued

19. CONTRIBUTED EQUITY

		Consolidated			
	Notes	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)	2,060,500	739,525	-	-
Issue of shares to settle obligations under put option	(ii)	-	300,000	-	309,000
Issue of shares via institutional placement	(iii)	-	8,500,000	-	9,775,000
Share issue cost (net of tax)	(iii)	-	-	-	(413,032)
Cancellation of expired Long Term Incentive Plan shares	(iv)	(24,443)	-	-	-
Settlement of loan for Long Term Incentive Plan shares	(v)	-	-	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) 539,525 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 1,015,500 shares comprising 757,750 LTIP shares and 257,750 ordinary shares were issued on 24 July 2020 as set out in Note 25.
(ii) 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).
(iii) 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.
(iv) 24,443 expired LTIP shares were cancelled on 5 May 2020.
(iv) Proceeds from settlement of loan to acquire LTIP shares.

19. CONTRIBUTED EQUITY (continued)

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

Management constantly 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.

		Consolidated	
		2020	2019
	Notes	$	$
Total interest bearing loans and borrowings		-	20,723
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%	0.1%

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	2019	2020	2019
	Cents per share	Cents per share	$	$
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 Management Committee under the authority from the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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

(a) Interest rate risk

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.

Notes
Continued

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		Weighted average interest rate %	Non interest bearing	Floating interest rate	Fixed interest maturing in			Total
					1 year or less	1 to 5 years	More than 5 years	
			$	$	$	$	$	$
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		Weighted average interest rate %	Non interest bearing	Floating interest rate	Fixed interest maturing in			Total
					1 year or less	1 to 5 years	More than 5 years	
			$	$	$	$	$	$
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 the counterparty's 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 with the heading 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		Less than 6 months	6 months to 1 year	1 year to 5 years	Greater than 5 years	Total
31 December 2020	**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
31 December 2019						
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.

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.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk (continued)

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.

Foreign currency sensitivity

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

Cyclopharm is 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.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk (continued)

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

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.

(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 stated below.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to Note 9 Trade and Other Receivables and Note 15 Trade and Other Payables:

CONSOLIDATED		Purchases from related parties $	Amounts owed by/ (to) related parties $
Cell Structures Pty Ltd	*2020*	53,971	(25,035)
	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.

22. RELATED PARTY DISCLOSURES (continued)

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

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. 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) LTIP 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.

25. SHARE BASED PAYMENT PLANS (continued)

(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.

25. 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 2020 Number	Consolidated 2019 Number	Weighted Average Exercise Price 2020 $	Weighted Average Exercise Price 2019 $
Balance at the beginning of the year		1,394,614	725,000	0.92	1.35
Granted during the year		1,802,750	669,614	0.17	0.45
Vested but unexercised during the year	(i)	(225,000)	-	-	-
Balance at the end of the year		**2,972,364**	**1,394,614**	**0.53**	**0.92**
Vested but unexercised at the end of the year		2,062,872	1,923,962		

(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 at the end of the year was $1.01 (2019: $0.92). The weighted average remaining contractual life for the Options outstanding as at 31 December 2020 is 1.88 years (2019: 3.93 years). The weighted average fair value of Options granted during the year was $0.50 (2019: $0.98).

(f) Option pricing models

The following assumptions were used to derive a value for the 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.

26. 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**

27. 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.

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