Cyclopharm Limited
Annual Report 2015

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Contents

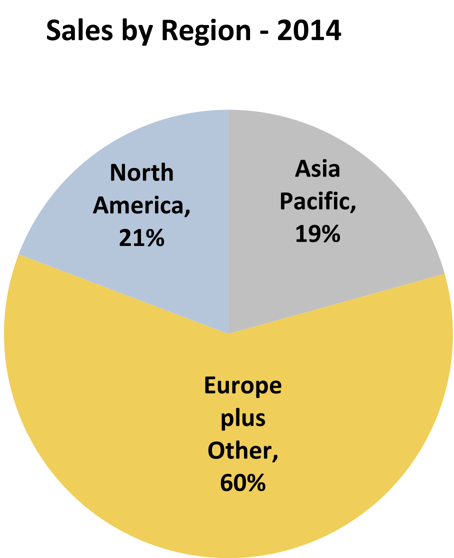
FINANCIAL HIGHLIGHTS

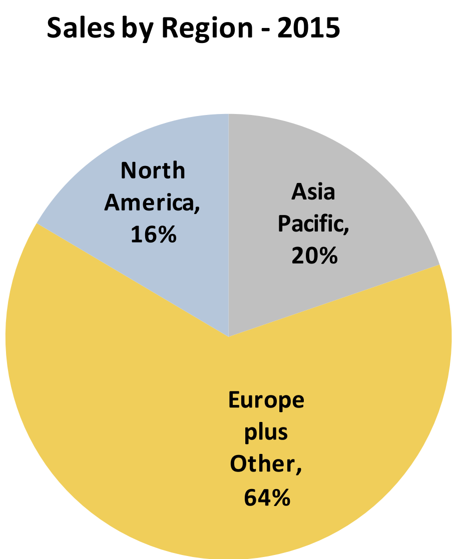
Full Year ending 31 December		2013	2014	2015	% Change
Sales Revenue	$'000	11,882	12,047	12,583	4.4%
(Loss) / Profit Before Tax	$'000	(10,265)	3,470	4,090	17.9%
(Loss) / Profit After Tax	$'000	(10,119)	4,066	4,793	17.9%
Diluted (Loss) / Earnings Per Share	cents	(17.56)	7.08	8.35	17.9%

Sales Revenue for the Full Year ending 31 December		2013	2014	2015	% Change
Technegas Division	$'000	10,457	11,490	12,508	8.9%
Molecular Imaging Division	$'000	1,425	557	75	(86.6%)
Total Sales Revenue	$'000	11,882	12,047	12,583	4.4%

Net (Loss)/Profit Before Tax for the Full Year ending 31 December		2013	2014	2015	% Change
Technegas Division	$'000	1,530	1,913	2,132	11.4%
Molecular Imaging Division	$'000	(11,794)	1,557	1,958 *	25.7%
Total Net (Loss)/Profit Before Tax	$'000	(10,265)	3,470	4,090	17.9%

* The Molecular Imaging Division's Net Profit Before Tax includes the net insurance settlement of $2.10 million, after costs.





Chairman's Letter

17 March 2016

Dear Shareholders

I am pleased to report that 2015 was an encouraging year for your Company, evidenced by a strong financial result, the commencement of dividend payments to shareholders and major progress in delivering on our strategy to significantly enhance medium to longer-term growth opportunities.

Cyclopharm recorded Net Profit after Tax for the year of $4.79 million on record sales of $12.58 million. Particularly pleasing was the strong result from our core Technegas business, which generated underlying earnings before interest, tax, depreciation and amortisation of $2.98 million, up 13.0 per cent on the prior year's result. This record result was driven by growth in sales volumes and margins in nearly all of the markets in which our core product, Technegas, is marketed.

Growing cash flows from operations, along with receipt of insurance settlement proceeds related to our Cyclotron facility, have combined to ensure that our balance sheet is in a strong position. At year end we had net cash on hand of $6.44 million, ensuring the company is well-placed to realise the growth potential within the business through the deployment of our proprietary valuable technologies.

During the year we made further progress on the delivery of our strategy to enter new high growth markets and identify new applications for the use of the Company's products. This year we are looking forward to recording the first sales from our patented Ultralute ™ technology and initial results of trials into the efficacy of using Technegas to diagnose and monitor Chronic Obstructive Pulmonary Disease (COPD) have been encouraging. If we are able to develop a market using Technegas in the management of COPD, our business will substantially expand.

We are confident that Ultralute ™ and the growth potential for Technegas (represented by the expanding COPD market) in combination form a significant platform for growing shareholder value.

Obtaining FDA approval to sell Technegas into the US market remains a major objective, given the opportunity this market provides to significantly expand our Technegas business and profitability.

In September 2015, we announced the signing of a Term Sheet with Jubilant Draximage ("Draximage"), a subsidiary of Jubilant Life Sciences Limited, which will provide DraxImage an exclusive licence to market and distribute Technegas in the United States, subject to agreement and execution of a final License Agreement. The Term Sheet also provides for DraxImage to assist with the development and financing of the phase III clinical trials for Technegas, which may accelerate our entry into the US market and reduce the cost and risks to Cyclopharm. We are still negotiating terms of the final License Agreement, which remains subject to completion of due diligence and board approvals by both parties. To ensure the FDA approval process is being progressed while negotiations continue, we will continue independently progress FDA trials funded by our strong cash position and underlying profitability of Technegas.

As foreshadowed last year, the Board continues to consider capital management initiatives to deliver sustained and growing value to our shareholders. In August last year and after careful consideration, the Board declared a maiden interim dividend of 0.5 cent per share, fully franked. And on 24 February 2016, the Board declared a final dividend of 0.5 cent per share, also fully franked, bringing full year 2015 dividends to 1.0 cent per share.

These dividends strike a balance between disciplined funding of growth opportunities and the delivery of an increased dividend income to shareholders over time. Our decision sends a fundamental message to investment markets that Cyclopharm's financial future is sound and that

Chairman's Letter

Continued

our foreseeable growth aspirations are appropriately funded. This is reflected in the growth in our share price over the past twelve months.

The above achievements clearly demonstrate that your Company is performing well and is on the right path to materially grow shareholder value in 2016 and beyond. We are delighted the market has begun to recognise this potential. The entry of new institutional and high net worth investors on to our share register is pleasing. The Company's management team, under James McBrayer's leadership, is performing exceptionally well and remains committed to achieving the full potential of the Company's growth strategy. Cyclopharm is blessed with a very dedicated team committed to the success of the company. I rather like the following statement by Dr Martin Luther King Junior which is relevant to our team:

"The ultimate measure of a person is not where they stand in moments of convenience and comfort but where they stand in times of challenge and controversy".

We expect 2016 to be another year of strong operational and financial performance whilst investing in the future. Continued growth in sales of Technegas products in the Canadian and Asian markets, the lower Australian dollar and further margin expansion are expected to reinforce our financial results. Initial sales of Ultralute ^{TM}, expected later this year, will signal the beginning of a future avenue for growth shareholder value.

On behalf of the Board, I thank staff and shareholders for their ongoing support of the Company. We remain very confident that Cyclopharm is in a strong position to build on the successes of 2015 and achieve long-term, sustainable growth in profits and shareholder value.

Yours faithfully,

Vanda Gould
Chairman

Managing Director's Review

Features

Dear Shareholders,

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

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

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

The Company's reported NPAT for the year was $4,793,047 (2014 $4,065,563) representing Diluted Earnings Per Share of 8.35 cents. The change in NPAT from 2014 includes an increase in reported income tax benefit (2015: $702,705 benefit vs 2014: $595,310 benefit). Excluding this, Cyclopharm's reported Profit Before Tax for 2015 was $4,090,342, an increase of 17.9% over the prior year on a comparable basis (2014: $3,470,253).

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

Group Financial Performance

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

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

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

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

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

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

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

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

Group Operating Performance

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

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

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

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

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

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

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

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

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

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

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

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

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

Summary

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

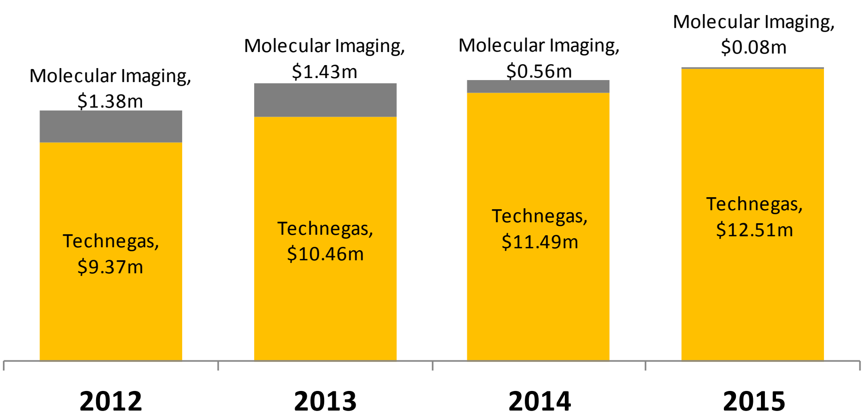
The Company's core Technegas business reported record sales and profit for the second consecutive year. Our balance sheet was significantly bolstered by strong operational cash flows and resolution of the cyclotron insurance claim. We have delivered on our promise to introduce the exciting Ultralute™ product to the market and look forward to recording first revenues from this technology in the second half of 2016. We recorded healthy organic growth from our core

Technegas products and made significant progress on our strategy of entering new markets, such as Russia, China, Japan, and the United States as well as expanding the use of Technegas to new diagnostic purposes.

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

SEGMENT REVIEW

Group Revenue by Segment

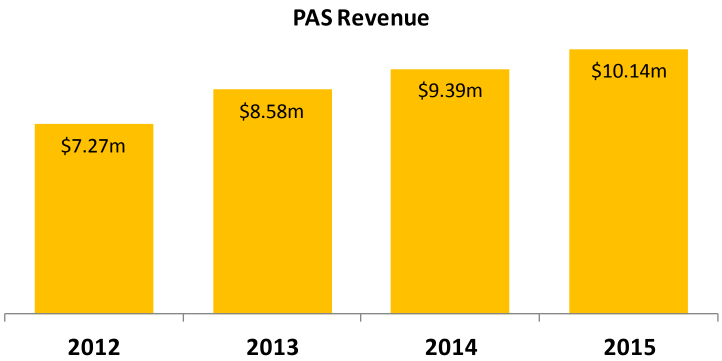


TECHNEGAS

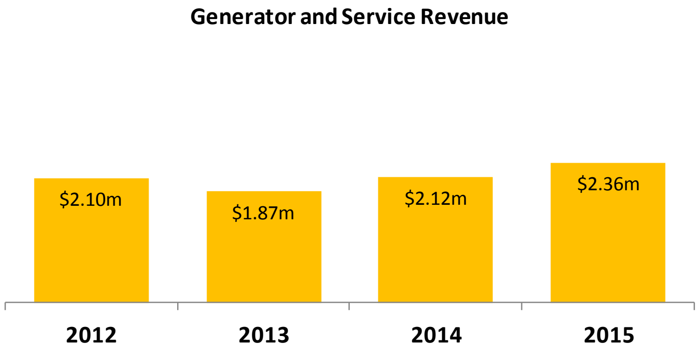
Technegas is a lung imaging device used primarily to diagnose the presence of blood clots in the lungs known as Pulmonary Emboli (PE). For the last 28 years, over 3,000,000 patients have benefited from the Technegas system. Technegas lung imaging is an alternative to Computed Tomography Pulmonary Angiogram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

Revenue Composition

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



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



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

Regional Review

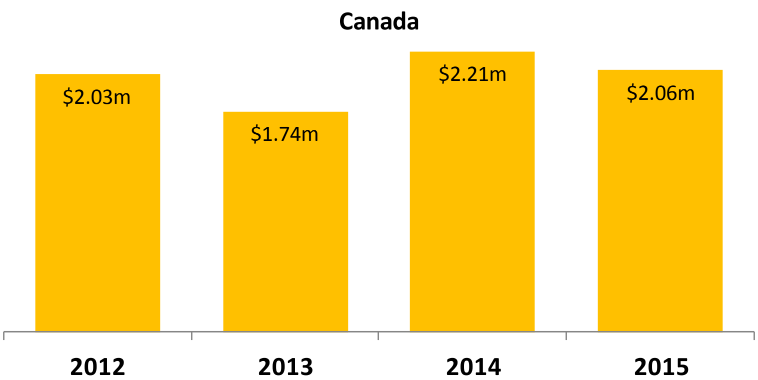
North America – USA

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

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

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

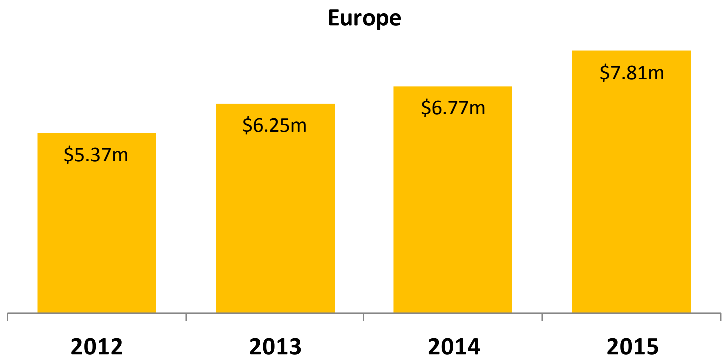
North America – Canada



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

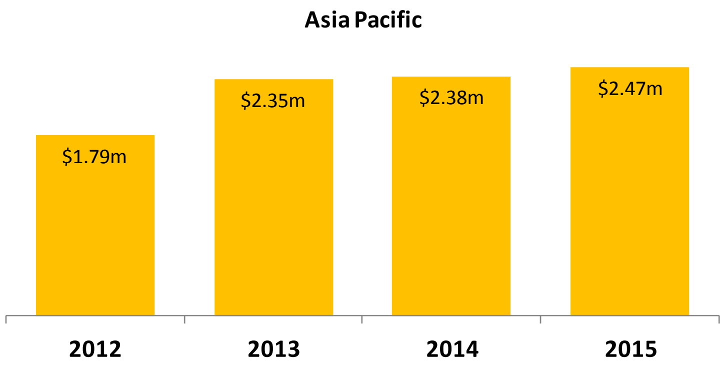
Managing Director's Review
Continued

Europe



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

Asia Pacific



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

New Indication for Technegas

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

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

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

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

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

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

JOINT VENTURE - MACQUARIE MEDICAL IMAGING

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

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

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

MOLECULAR IMAGING TRADING AS CYCLOPET

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

OUTLOOK

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

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

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

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

Managing Director's Review
Continued

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

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

James S McBrayer

James McBrayer
Managing Director and CEO

Directors' Report

The Directors of Cyclopharm submit their report for the year ended 31 December 2015.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr V R Gould – Non Executive Chairman (Independent)
M Com, FCA, FCPA, B Com
Mr Gould has been a member of the Board since 21 November 2005. He was the Group Non-Executive Chairman and Chairman of the Audit, Board Nominations, and Remuneration Committees of the Group until his voluntary redesignation on 23 October 2013. Mr Gould was reinstated as Chairman on 15 May 2014.

Mr Gould has broad business experience having practiced as a chartered accountant for more than 30 years. He is also chairman of Vita Life Sciences Limited (listed on the ASX) and a director of several other private companies and educational establishments.

Mr Gould lives in Sydney and is 67 years old.

Mr D J Heaney – Non Executive Director (Independent)
Mr Heaney was appointed to the Cyclopharm Board on 20 November 2007. Mr Heaney currently serves as a member of the Audit, Remuneration and Board Nominations Committees and was appointed Acting Chairman from 23 October 2013 to 15 May 2014 during Mr Gould's voluntary redesignation.

Mr Heaney is currently an executive director of Thompson Partners Pty Ltd and a non-executive director of Colorpak Limited (since 24 January 2004). Mr Heaney also served as a director of Mariner Financial Limited between 27 May 2005 and 12 May 2009 and as a director of Dromana Estate Limited between 10 July 2009 and 15 December 2011.

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

Mr Heaney lives in Melbourne and is 71 years old.

Mr J M McBrayer – Managing Director and Company Secretary
BSPharm, GDM, FAICD, AIM
Mr McBrayer has been a member of the Board since 3 June 2008 at which time he accepted the role of Managing Director. Mr McBrayer serves as a member of the Board Nominations Committee.

Mr McBrayer has more than 28 years experience in nuclear medicine and is a trained Nuclear Pharmacist. Mr McBrayer held the role of Managing Director at Lipa Pharmaceuticals, Australia's largest contract manufacturer of over-the-counter products and senior management positions with Brambles Cleanaway business and Syncor, the world's largest radioactive diagnostic and therapeutic pharmaceutical provider.

Mr McBrayer lives in Sydney and is 50 years old.

DIRECTORS (CONTINUED)

Mr H G Townsing –Non Executive Director (Independent)
Dip Val
Mr Townsing was reappointed to the Board on 16 September 2013. He had previously served as a member of the Board from 22 November 2005 to 27 February 2009.

Mr Townsing has over 20 years experience in company finance and private equity. Mr Townsing is also an Executive Director of Vita Life Sciences Limited (listed on the ASX).

Mr Townsing lives in Melbourne and is 60 years old.

Mr J M McBrayer – Company Secretary
Mr McBrayer was appointed as Company Secretary on 25 March 2011 following the resignation of the previous company secretary, Mr William Richardson.

Interests in the shares of the Company and related bodies corporate

The number of ordinary Cyclopharm shares (no options are on issue) held directly, indirectly or beneficially, by Directors, including their personally-related entities as at the date of this report is as follows:

	Interest	As at report date No. of shares
Directors		
Mr VR Gould	NBI	2,341,299
Mr DJ Heaney	BI	150,000
Mr JS McBrayer	BI	3,476,828
Mr JS McBrayer	NBI	60,000
Mr H Townsing	NBI	-
		6,028,127

NBI: Non beneficial interests
BI: Beneficial interest

The details in respect of the Directors set out above are based on the disclosure made by them to the Company (and in turn given by the Company to the ASX as their agent) during the financial year ended 31 December 2015. On 19 December 2014, Justice Perram delivered his judgement in the case of Hua Wang Bank Berhad v Commissioner of Taxation [2014] FCA 1392 in which he found that director Vanda Gould controlled certain companies that are shareholders of Cyclopharm, which would in turn, increase Mr Gould's disclosable interests in the Company. Mr Gould acknowledges he acted as advisor to those companies and their principals, however does not believe he had the requisite control to constitute relevant interests in those companies. Neither Cyclopharm nor Mr Gould were listed parties to the subject proceedings nor was Mr Gould a witness in the case. The decision is currently the subject of an appeal to the High Court of Australia. If the key findings are upheld, the number of shares in which Mr Gould had a relevant interest as at the date of this report will increase to 11,691,299.

DIVIDENDS

On 24 February 2016, the Directors declared a final fully franked dividend of 0.5 cents per share in respect of the financial year ended 31 December 2015, to be paid on 19 April 2016 to those shareholders registered on 12 April 2016. An interim fully franked dividend of 0.5 cents per share amounting to $278,309 was paid on 14 October 2015.

The balance of franking credits available for future dividend payments is $55,927.

PRINCIPAL ACTIVITIES

During the year, the principal continuing activities of the consolidated entity consisted of the manufacture and sale of medical equipment and radiopharmaceuticals, including associated research and development. There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

For the financial year, the economic entity recorded a consolidated profit after tax of $4,793,047. Profit included significant non-recurring income from the now reduced Cyclopet business which recorded profit after tax of $1,957,717 inclusive of the recognition of a deferred tax asset of $702,705. Profit from the continuing operations of the Technegas division was $1,704,623.

The Technegas business's profit after tax of $1,704,623 represents a decrease of 28.4% from 2014's profit of $2,382,086. Technegas is now in a taxable position of $428,002 (2014: $468,854 tax benefit) as tax losses associated with the loss-making Cyclopet business have now been fully utilised. Technegas division EBIT of $2,156,838 has improved by 11.3%. The increase in EBIT was a result of 8.9% growth in the combined sales of its key products, TechnegasPlus generators and Patient Administration Sets (PAS), assisted by a $0.76 million increase in PAS sales driven by volume growth in Australasia and Europe and local price increases.

In December 2015, Cyclopharm announced that a settlement has been reached with our insurers relating to water damage resulting from a car fire at Macquarie University Hospital in 2014 that damaged the cyclotron facility. The net settlement of $2,104,689 after costs and the recognition of a deferred tax asset of $1,052,860 resulted in Cyclopet contributing profit after tax of $3,088,424 to the group (2014: profit after tax of $1,683,477).

Financial Position

Net assets increased to $13,102,243 at 31 December 2015 (2014: $7,756,160) due primarily to the $4,793,047 net profit and an improvement of $700,759 in the foreign currency translation reserve.

Cashflow from operations was $4,154,834 including the net receipt of the insurance settlement payment of $2,104,689. The group's net cash balance was $6,444,995 at December 2015.

Further details of the consolidated entity's Operating and Financial Review are set out on pages 5 to 12 of the Managing Director's Review.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Shares Cancelled and Issued during the Year

The Company issued 2,203,590 Long Term Incentive Plan shares on 13 July 2015. There were no other shares cancelled or issued during the year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS (CONTINUED)

Insurance Payout
It was announced on 20 June 2014 that substantial water damage occurred to the cyclotron facility following attempts by the authorities to extinguish a fire in the carpark on the floor above the facility. In December 2015, Cyclopharm announced that a settlement has been reached with our insurers. Under the settlement, Cyclopharm received a net $2.10 million, after costs.

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

SIGNIFICANT EVENTS AFTER BALANCE DATE

SECURED BANK LOAN
The loan provided by the Allied Irish Banks, Plc. to Cyclopharm's wholly owned subsidiary, Cyclomedica Ireland Limited, was fully repaid on 7 March 2016.

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

OPERATING LEASE
On 21 January 2016, Cyclomedica Australia Pty Limited, a wholly owned subsidiary of Cyclopharm Limited, entered into a commercial lease of office and manufacturing space for 5 years with renewal options included in the contract.

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

LIKELY DEVELOPMENTS AND FUTURE RESULTS

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

A major focus for the year will be educating the global respiratory medical community on the diagnostic and patient monitoring uses for Technegas, following successful completion of our Chinese trials and the introduction of new clinical initiatives targeting COPD in our well established markets.

The Directors maintain their view that FDA approval to sell Technegas into the USA market provides Cyclopharm with the opportunity to significantly expand its sales and profitability. However, it should be highlighted that as expenditure incurred in relation to the FDA trials is expensed rather than capitalised, Cyclopharm's results will be adversely impacted when clinical trials ramp up. The Directors are currently determining alternatives to fund the FDA trials in the USA including partnership.

Molecular Imaging
It was announced on 20 June 2014 that substantial water damage occurred to the cyclotron facility following attempts by the authorities to extinguish a fire in the carpark on the floor above the facility. In December 2015, Cyclopharm announced that a settlement has been reached with our insurers. Under the settlement, Cyclopharm received a net $2.10 million, after costs.

The Company is currently in discussions regarding the long term status of the facility which it is hopeful will result in a positive outcome for the ongoing use of the cyclotron facility and the realisation of further value to the Company.

Ultralute™

Modest revenues from the Ultralute™ technology are expected to commence in the second half of 2016. However, Ultralute™ is not expected to contribute to 2016 earnings due to the impact of ramp-up costs as production and sales capabilities are developed.

MATERIAL BUSINESS RISKS

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

Competition

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

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

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

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

Reputation

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

Disruption of Business Operations

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

Reliance on Distributors / Loss of key customers

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

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

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

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

Funding

The Directors are currently determining alternatives to fund the FDA trials in the USA including partnership. The Company is actively negotiating the terms of a final License agreement with DraxImage. In the event final terms cannot be agreed between DraxImage and Cyclopharm, the Directors are committed to progressing the funding of the FDA trials independently. Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There can be no assurance that Cyclopharm will be able to raise such financing on favourable terms or at all.

Currency and Exchange Rate Fluctuations

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

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

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

Doing Business Internationally

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

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

Regulatory

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

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

Technegas' manufacturing does not involve the emission of any environmentally sensitive materials and the Cyclopharm Group is not required to hold any environmental licence or consent under the

Environmental Protection Act (Cth). It is possible that this could change with the development of new products and any additional regulatory requirements could impact upon the profitability of the group.

The Cyclopharm Group has obtained:

- a Certificate of Device listing on the Australian Register of Therapeutic Goods Register for the Technegas System;
- a CE Mark approval for the device elements of the Technegas System in EU;
- a marketing authorization for the drug aspect of Technegas in EU; and

must retain these approvals while it continues to produce and sell the Technegas System.

A successful audit of the new manufacturing premises by the Therapeutic Goods Administration along with other regulatory agencies where Technegas is sold will be required.

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

Intellectual Property Rights

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

Patents

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

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

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

ENVIRONMENTAL REGULATIONS

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

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

1. the liability does not arise from conduct involving a lack of good faith; or

2. the liability is for costs and expenses incurred by the Director or Officer in defending proceedings save as not permitted by law.

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

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

The total amount of insurance contract premiums paid for the year ending 31 December 2016 is $15,144 (for the year ended 31 December 2015: $20,708).

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 32.

Fees of $20,662 (2014: $11,727) have been paid for share registry services and fees of $15,000 (2014: $7,689) for taxation services to an associate of Russell Bedford NSW for the year ended 31 December 2015 for non-audit related services. The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

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

REMUNERATION REPORT (AUDITED)

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

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

Director and Executive Remuneration Table

Consolidated	Short-term employee benefits Salary & Fees $	Cash Bonus $	Non-monetary benefits $	Post employment benefits Superannuation $	Other Long-term benefits $	Share-based payment $	Total $	Performance related %
2015								
Directors								
Vanda Gould Non-Executive Director	31,827	-	-	-	-	-	**31,827**	0%
David Heaney Non-Executive Director	31,827	-	-	-	-	-	**31,827**	0%
Henry Townsing Non-Executive Director	31,827	-	-	-	-	-	**31,827**	0%
Executive Director								
James McBrayer * Managing Director	307,142	50,000	-	32,905	13,757	121,342	**525,146**	33%
Total Directors' Compensation	**402,623**	**50,000**	**-**	**32,905**	**13,757**	**121,342**	**620,627**	**28%**

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

Director and Executive Remuneration Table

Consolidated	Short-term employee benefits Salary & Fees $	Cash Bonus $	Non-monetary benefits $	Post employment benefits Superannuation $	Other Long-term benefits $	Share-based payment $	Total $	Performance related %
2015								
Key Management Personnel								
Nabil Morcos Chief Operating Officer	205,841	-	-	19,555	12,917	7,514	**245,827**	3%
Gary Somerville Quality and Regulatory Manager	129,339	-	-	12,287	4,382	-	**146,008**	0%
Caryn Cheah Financial Controller	48,565	-	-	4,614	1,057	376	**54,612**	1%
Graham Phillips Finance Manager	123,085	-	-	11,693	3,403	376	**138,557**	0%
Charles Buttigieg * Sales and Marketing Manager - Australia	161,522	15,750	-	16,841	4,129	751	**198,993**	8%
Bjorn Altmann General Manager – Europe	154,753	-	-	-	-	-	**154,753**	0%
Lynn McLauchlin * General Manager – Canada	154,693	20,764	-	-	-	751	**176,208**	12%
Total Key Management Personnel's Compensation	**977,798**	**36,514**	**-**	**64,990**	**25,888**	**9,768**	**1,114,958**	**4%**
Total Compensation	**1,380,421**	**86,514**	**-**	**97,895**	**39,645**	**131,110**	**1,735,585**	**13%**

* Employed on rolling contracts. Bonuses are based on achieving sales targets combined with a discretionary portion based on general management performance.

Director and Executive Remuneration Table

Consolidated	Short-term employee benefits: Salary & Fees $	Short-term employee benefits: Cash Bonus $	Short-term employee benefits: Non-monetary benefits $	Post employment benefits: Superannuation $	Other Long-term benefits $	Share-based payment $	Total $	Performance related %
2014								
Directors								
Vanda Gould Non-Executive Director	31,827	-	-	-	-	-	**31,827**	0%
David Heaney Non-Executive Director	31,827	-	-	-	-	-	**31,827**	0%
Henry Townsing Non-Executive Director	31,827	-	-	-	-	-	**31,827**	0%
Executive Director								
James McBrayer Managing Director	302,527	-	-	27,374	5,987	25,118	**361,006**	7%
Total Directors' Compensation	**398,008**	**-**	**-**	**27,374**	**5,987**	**25,118**	**456,487**	**6%**

Director and Executive Remuneration Table

Consolidated	Short-term employee benefits Salary & Fees $	Cash Bonus $	Non-monetary benefits $	Post employment benefits Superannuation $	Other Long-term benefits $	Share-based payment $	Total $	Performance related %
2014								
Key Management Personnel								
Nabil Morcos Chief Operating Officer	202,799	-	-	19,012	6,151	1,118	**229,080**	0%
Gary Somerville Quality and Regulatory Manager	125,427	-	-	11,946	2,485	-	**139,858**	0%
Caryn Cheah Financial Controller	47,744	-	-	4,479	462	56	**52,741**	0%
Graham Phillips Finance Manager	121,266	-	-	11,369	2,365	56	**135,056**	0%
Charles Buttigieg Sales and Marketing Manager - Australia	177,885	-	-	16,700	8,767	112	**203,464**	0%
Bjorn Altmann General Manager – Europe	153,644	-	-	-	-	-	**153,644**	0%
Lynn McLauchlin * General Manager – Canada	145,525	24,080	-	-	-	112	**169,717**	14%
Total Key Management Personnel's Compensation	**974,290**	**24,080**	**-**	**63,506**	**20,230**	**1,454**	**1,083,560**	**2%**
Total Compensation	**1,372,298**	**24,080**	**-**	**90,880**	**26,217**	**26,572**	**1,540,047**	**3%**

* Ms McLauchlin is employed on a rolling contract and her bonus is based on achieving sales targets combined with a discretionary portion based on general management performance.

Cyclopharm Limited

Details of Managing Director and Key Management Personnel's Share-based payment 2015

Managing Director	Number of LTIP shares granted	Fair Value at grant date	Exercise price per LTIP share scheme	Amount payable	Term	Expiry date	Performance Hurdle
James McBrayer	1,721,554	$0.082	$0.90	$189,580.16	2 years	12/7/2017	* Employment as Managing Director for 2 years commencing on 26 May 2015.
Nabil Morcos	344,311	$0.082	$0.90	$309,879.90	2 years	12/7/2017	33% on approval of a business case by the Board, 33% when revenues are produced and 33% when a positive return on investment is achieved
Charles Buttigieg	34,431	$0.082	$0.90	$30,987.90	2 years	12/7/2017	50% on achievement of 2015 revenue and gross margin budget and 50% on achievement of 2016 revenue and gross margin budget
Lynn McLauchlin	34,431	$0.082	$0.90	$30,987.90	2 years	12/7/2017	50% on achievement of 2015 revenue and gross margin budget and 50% on achievement of 2016 revenue and gross margin budget
Caryn Cheah	17,216	$0.082	$0.90	$15,494.40	2 years	12/7/2017	50% on lodgement of 2015 Annual and Half Year Report and 50% on lodgement of 2016 Annual and Half Year Report
Graham Phillips	17,216	$0.082	$0.90	$15,494.40	2 years	12/7/2017	50% on lodgement of 2015 Annual and Half Year Report and 50% on lodgement of 2016 Annual and Half Year Report
Other non-Key Management Personnel	34,431	$0.082	$0.900	$30,987.90	2 years	12/7/2017	
	2,203,590			**$623,412.56**			

* On 26 May 2015, the date of the 2015 Annual General Meeting, shareholders approved Mr McBrayer's Performance Hurdle to be "Employment as Managing Director for 2 years commencing on 26 May 2015."

Cyclopharm Limited

Details of Managing Director and Key Management Personnel's Share-based payment 2014

Managing Director / Key Management Personnel	Number of LTIP shares granted	Fair Value at grant date	Exercise price per LTIP share scheme	Amount payable	Term	Expiry date	Performance Hurdle
James McBrayer	861,728	$0.071	$0.22	$189,580.16	2 years	*15/5/2015	* Employment as Managing Director for 2 years commencing on 15 May 2013.
James McBrayer	861,728	$0.052	$0.25	$215,432.00	2 years	*15/5/2015	* Employment as Managing Director for 2 years commencing on 15 May 2013.
	1,723,456			**$405,012.16**			

* On 26 May 2015, shareholders approved the Performance Hurdles to be "Employment as Managing Director for 2 years commencing on 15 May 2013." The LTIP shares vested on 26 May 2015, the date of the 2015 Annual General Meeting ("AGM") given that it was more than 2 years since the 2013 AGM which was held on 15 May 2013.

Interests in the shares of the Company and related bodies corporate

The movement during the reporting period in the number of ordinary Cyclopharm shares (no options are on issue) held directly, indirectly or beneficially, by Directors and key management personnel, including their personally-related entities is as follows:

	Interest	31 December 2014	Granted under long term incentive schemes	On market purchases	On market sales	31 December 2015
		No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Directors						
Mr VR Gould	NBI	2,301,299	-	40,000	-	2,341,299
Mr DJ Heaney	BI	85,872	-	64,128	-	150,000
Mr JS McBrayer	BI	1,755,274	1,721,554	-	-	3,476,828
Mr JS McBrayer	NBI	60,000	-	-	-	60,000
Mr H Townsing	NBI	229,786	-	-	(229,786)	-
		4,432,231	1,721,554	104,128	(229,786)	6,028,127
Key Management Personnel						
Prof N Morcos	BI	211,659	344,311	-	-	555,970
Mr C Buttigieg	BI	-	34,431	-	-	34,431
Ms L McLauchlin	BI	-	34,431	-	-	34,431
Ms C Cheah	BI	-	17,216			17,216
Mr G Phillips	BI	-	17,216	-	-	17,216
		211,659	447,605	-	-	659,264

NBI: Non beneficial interests
BI: Beneficial interest

The details in respect of the Directors set out above are based on the disclosure made by them to the Company (and in turn given by the Company to the ASX as their agent) during the financial year ended 31 December 2015. On 19 December 2014, Justice Perram delivered his judgement in the case of Hua Wang Bank Berhad v Commissioner of Taxation [2014] FCA 1392 in which he found that director Vanda Gould controlled certain companies that are shareholders of Cyclopharm, which would in turn, increase Mr Gould's disclosable interests in the Company. Mr Gould acknowledges he acted as advisor to those companies and their principals, however does not believe he had the requisite control to constitute relevant interests in those companies. Neither Cyclopharm nor Mr Gould were listed parties to the subject proceedings nor was Mr Gould a witness in the case. The decision is currently the subject of an appeal to the High Court of Australia. If the key findings are upheld, the number of shares in which Mr Gould had a relevant interest as at 31 December 2015 will increase to 11,691,299.

Remuneration committee

The Remuneration Committee currently comprises Mr Gould, Committee Chairman and Mr Heaney.

The Remuneration Committee is responsible for:
- reviewing and approving the remuneration of Directors and other senior executives; and
- reviewing the remuneration policies of the Company generally.

Remuneration philosophy

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

To this end, the Company embodies the following principles in its remuneration framework:
- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;

- have a significant portion of executive remuneration 'at risk'; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

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

Non-executive Director remuneration

Objective

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

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held in May 2015 when Shareholders approved an aggregate remuneration increase from $100,000 to $200,000 per year.

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

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

Executive remuneration

Objective

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

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

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

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

Remuneration consists of the following key elements:

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

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

Fixed Remuneration

Objective

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

Structure

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

Variable remuneration - Short Term Incentive

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

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

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

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

Variable remuneration – Long Term Incentive

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

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

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

Employment contracts

Managing Director

The Managing Director, Mr McBrayer, is employed under a rolling contract. Mr McBrayer's current contract was executed on 13 May 2008. Mr McBrayer's remuneration for 2015 and 2014 is disclosed in the tables on pages 21 and 23. Under the terms of the present contract:

- Each year from 1 January, on 31 December Mr McBrayer may be entitled to receive additional amounts up to a maximum of $50,000 based on achieving certain benchmarks and targets, which in the absence of any formal agreement will default to achieving the budgeted Profit After Tax approved by the Board of Directors. This amount is entirely performance based and seeks to strengthen the alignment of the Managing Director's interests with those of the Company's shareholders.
- Mr McBrayer may resign from his position and thus terminate this contract by giving 6 months written notice unless a mutually agreeable date can be agreed upon.
- The Company may terminate this employment agreement by providing 6 months written notice or providing payment in lieu of the notice period.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Managing Director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.
- Mr McBrayer is entitled to receive strictly limited recourse loans under the Company's LTIP to purchase shares.
- On 1 September 2014, two strictly limited recourse loans were made to Mr McBrayer under the Company's LTIP to purchase shares for a period of 2 years. The first loan was to enable the purchase of 861,728 shares at the price of 22 cents per share and the second loan was to enable the purchase of 861,728 shares at the price of 25 cents per share. On 26 May 2015, shareholders approved the Performance Hurdles to be "Employment as Managing Director for 2 years commencing on 15 May 2013." The LTIP shares vested on 26 May 2015, the date of the 2015 Annual General Meeting ("AGM") given that it was more than 2 years since the 2013 AGM which was held on 15 May 2013.
- On 13 July 2015, a strictly limited recourse loan was made to Mr McBrayer under the Company's LTIP to purchase shares for a period of 2 years. The loan was to enable the purchase of 1,721,554 shares at the price of 90 cents per share.

Other Executives (standard contracts)

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

Related Parties

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

DIRECTORS' MEETINGS

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

Director	Cyclopharm Board Meetings		Audit & Risk Committee Meetings		Board Nomination Committee		Remuneration Committee Meetings	
	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr V R Gould	8	6	3	3	-	-	2	2
Mr D J Heaney	8	8	3	3	-	-	2	2
Mr J M McBrayer	8	8	-	-	-	-	-	-
Mr H Townsing	8	6	-	-	-	-	-	-

SHARE OPTIONS

There were no share options on issue as at year end.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

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

James S McBrayer

James McBrayer
Managing Director and CEO

Sydney, 17 March 2016

Auditor’s Independence Declaration

Russell Bedford NSW
Chartered Accountants

ABN 74 632 161 298
Level 29, Suncorp Place
259 George Street
Sydney NSW 2000
Australia

T: +61 2 **9032 3000**
F: +61 2 9251 1275
E: mail@rbnsw.com.au
W: www.rbnsw.com.au

17 March 2016

The Board of Directors
Cyclopharm Limited
Building 75
Business & Technology Park
New Illawarra Road
Lucas Heights NSW 2234

Dear Directors

AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

We declare that, to the best of our knowledge and belief, during the year ended 31 December 2015, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable Code of Professional Conduct in relation to the audit.

Yours faithfully

RUSSELL BEDFORD NSW
Chartered Accountants

STEPHEN FISHER
Partner

Corporate Governance

The Directors of Cyclopharm are responsible for the corporate governance of the Cyclopharm Group ("Cyclopharm" or the "Company"). The Board guides and monitors the business and affairs of the Company on behalf of the Shareholders by whom they are elected and to whom they are accountable.

The Company's main corporate governance practices are applicable to all subsidiaries and are summarised below.

1 Compliance with ASX best practice recommendations

The ASX Listing Rules require a statement in a listed Company's Annual Report which discloses the extent to which the ASX 29 best practice recommendations have been followed in the reporting period. As a listed Company, Cyclopharm must identify those recommendations which have not been followed and provide reasons for non-compliance.

This Statement sets out in detail the Company's compliance with the ASX Corporate Governance Council's best practice recommendations.

The Company considers that practices comply with 26 of the ASX best practice recommendations as at 31 December 2015. The Company considers that its recommendations comply with the best practice recommendations, other than recommendations 4.1(a) (i) and (ii), 7.1(a)(i) and 8.1(a)(i). Explanations for the departure are provided in this statement in section 3(a) and 5(a). Where there is non-compliance, this is primarily due to the current size, scale and nature of Cyclopharm's operations as it is uneconomic for smaller companies such as Cyclopharm to follow the same rules as Australia's largest listed companies. A checklist summarising this is set out in section 9 of this Statement.

2 The Board of Directors

(a) Membership

The Board has a range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, including details of director backgrounds is contained within the Directors' Report.

ASX Recommendation 2.4 (refer to best practice summary)

The Company's Constitution requires a minimum of 3 Directors and a maximum of 9 Directors. As at 31 December 2015, there were three non-executive Directors and one executive director. The Chairman, Mr Gould, is a non-executive director.

The terms and conditions of appointment and retirement of Directors are set out in the Company's Constitution. The Board believes that its membership should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.

(b) Board role and responsibilities

The Board is responsible to Shareholders and investors for the Group's overall corporate governance.

The Board has established and approved a Board Charter. Under this Charter the Board is responsible for:

- Considering and approving the corporate strategies proposed by the Managing Director and monitoring their implementation;
- Approving, overseeing and monitoring financial and other reporting to Shareholders, investors, employees and other stakeholders of the Company;

- Ensuring that the Company has the appropriate human, financial and physical resources to execute its strategies;
- Appointing and monitoring the performance of, and removing the Managing Director;
- Ratifying the appointment, and where appropriate, the removal of the Chief Financial Officer (or equivalent) and / or Company Secretary;Reviewing the effectiveness of the Company's policies and procedures regarding risk management, including internal controls and accounting systems; and
- Ensuring appropriate governance structures are in place including standards of ethical behaviour and a culture of corporate and social responsibility.

The Board has delegated to the Managing Director all of the necessary power and authority to manage the business of the Company on a day-to-day basis with the assistance of senior management. This includes execution of the strategy approved by the Board, managing performance and risk management.

Directors are encouraged to undertake professional development to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors.

ASX Recommendations 1.1, 2.6 (refer to best practice summary)

(c) Chairman

The Chairman, satisfies the requirements for an Independent Chairman under *ASX Recommendation 2.3* as Mr Gould is a non-executive, and has approximately 3.93% of the Shares (Recommendations permit 5%).

The Chairman is elected by the full Board of Directors and is responsible for:

- Leadership of the Board;
- The efficient organisation and conduct of the Board's functions;
- The promotion of constructive and respectful relations between Board members and between the Board and management;
- Contributing to the briefing of Directors in relation to issues arising at Board meetings;
- Facilitating the effective contribution of all Directors; and
- Committing the time necessary to effectively discharge the role of the Chairman.

ASX Recommendation 2.5 (refer to best practice summary)

(d) Independent Directors

The Company recognises that independent Directors are important in assuring Shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgement.

Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each director's individual circumstances rather than general materiality thresholds.

In assessing independence, the Board considers whether the director has a business or other relationship with the Company, directly or as a partner, shareholder or officer of a Company or other entity that has an interest or a business relationship with the Company or another Cyclopharm group member.

Mr Gould, Mr Heaney and Mr Townsing have declared to the Board that they meet the Recommendations' various tests of independence. Therefore, there is a majority of independent non-executive Directors on the Board.

ASX Recommendation 2.3, 2.4 (refer to best practice summary)

(e) Avoidance of conflicts of interest by a director

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised of any interest that could potentially conflict with those of the Company.

In the event that a conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members further when that matter is being considered the Director may not vote on that matter, in accordance with the *Corporations Act*.

(f) Board Meetings

The Board regularly monitors the operational and financial performance of the Company and the economic entity against budget and other key financial risks. Appropriate risk management strategies are developed to mitigate all identified risks of the business.

The number of times the Board has formerly met and the number of meetings attended by Directors during the financial year are reported in the Directors' Report. The Board Charter dictates that the Board will hold 10 scheduled meetings each year and, other meetings may be held at short notice as required. Commencing January 2015, the Board has resolved to hold 8 scheduled meetings per year.

(g) Review of Board Performance

The process for conducting the Board's annual performance review was agreed by the Board and was performed by the Chairman of the Board. Matters covered in the annual performance review include:

- The Board's contribution to developing strategy and policy;
- Interaction between the Board and management, and between Board members;
- The Board's processes to monitor business performance and compliance, control risk and evaluate Management;
- Board composition and structure; and
- The operation of the Board, including the conduct of Board meetings, Board Committee meetings and group behaviours.

ASX Recommendation 1.6 (refer to best practice summary)

(h) Nomination and appointment of new Directors

Recommendations for nominations of new Directors are made by the Board Nominations Committee and considered by the Board in full. All current members of the Board are members of the Board Nominations Committee and Mr Gould is Chairman of the Committee. Board membership is reviewed annually by the Committee to ensure the Board has appropriate mix of qualifications, skills and experience. External advisers may be used in this process. Candidates are appointed by the Board and must stand for election at the next general meeting of Shareholders. If a new director is appointed during that year, that person will stand for election by Shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election. The Nominations Committee reviews appointment criteria from time to time and makes recommendations concerning the re-election of any director by Shareholders.

ASX Recommendation 2.1 (refer to best practice summary)

(i) Retirement and re-election of Directors

The Company's Constitution states that one-third of Directors excluding the Managing Director must retire each year. The maximum term that each director can serve in any single term is three years. A director appointed during the year must, under the Constitution, retire at the next annual general meeting. At that meeting, they can stand for re-election. The Board Nominations Committee conducts a peer review of those Directors during the year in which that director will become eligible for re-election.

ASX Recommendation 1.6 (refer to best practice summary)

3 Board Committees

To assist the Board in fulfilling its duties and responsibilities, it has established the following committees:

- Audit and Risk Committee;
- Board Nominations Committee; and
- Remuneration Committee.

(a) Audit and Risk Committee

The Audit and Risk Committee is governed by its charter, as approved by the Board. The Charter is available within the Corporate Governance section on Cyclopharm's website, at www.cyclopharm.com.au. The Audit and Risk Committee comprises two Directors, both being non-executive Directors. The non-executive Directors are Mr Gould, Chairman of the Audit Committee and Mr Heaney. The qualifications of the committee are located in the Directors' Report on page 13. The Audit Committee's responsibilities include:

- Reviewing procedures, and monitoring and advising on the quality of financial reporting (including accounting policies and financial presentation);
- Reviewing the proposed fees, scope, performance and outcome of external audits. However, the auditors are appointed by the Board;
- Reviewing the procedures and practices that have been implemented by management regarding internal control systems;
- Ensuring that management have established and implemented a system for managing material financial and non-financial risks impacting the Company;
- Reviewing the corporate governance practices and policies of the Company; and
- Reviewing procedures and practices for protecting intellectual property ("IP") and aligning IP to strategy.

The Committee does not comply with the requirement to have an independent chairperson, who is not the chairperson of the Board. The Board believes that Mr Gould is the most appropriate person to be elected Chairman of the Committee. The Board does not comply with the ASX requirement to have at least 3 members on the Audit Committee. The Board believes that the experience that Mr Gould and Mr Heaney have in the finance industry adequately mitigates this non-compliance.

The number of times the Audit and Risk Committee has formerly met and the number of meetings attended by Directors during the financial year are reported in the Directors' Report.

The Audit and Risk Committee monitors and reviews:

- The effectiveness and appropriateness of the framework used by the Company for managing operational risk;
- The adequacy of the Company's internal controls including information systems controls an security;
- The adequacy of the process for reporting and responding to significant control and regulatory breaches;
- The effectiveness of the compliance function in ensuring adherence to applicable laws and regulations, including the actioning of legal and regulatory developments which may have a significant impact;

- Operational risk issues;
- Action plans to address control improvement areas.

The Company's Auditor, is requested to attend the Annual General Meeting and to be available to answer Shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's Report.

ASX Recommendations 4.1, 4.3, 7.1, 7.2 (refer to best practice summary)

(b) Board Nominations Committee

The Board Nominations Committee is governed by its charter, as approved by the Board. The Charter is available within the Corporate Governance section on Cyclopharm's website, at www.cyclopharm.com.au.

The primary function of the Nominations Committee is performing review procedures to assist the Board in fulfilling its oversight responsibility to Shareholders by ensuring that the Board comprises individuals best able to discharge the responsibilities of Directors having regard to the law and the highest standards of governance. The Committee as delegated by the Board, is responsible for:

- developing and reviewing policies on Board composition, strategic function and size;
- performance review process of the Board, its Committees and individual Directors;
- developing and implementing induction programs for new Directors and ongoing education for existing Directors;
- developing eligibility criteria for nominating Directors;
- recommending appointment of Directors of the Board;
- reviewing director independence; and
- succession planning for the Board.

The Board has considered the competencies and experience of each of the Directors and believes that the current structure operates effectively and efficiently without the need for the appointment of additional independent directors or the creation of further sub-committees. The number of times the Board Nominations Committee has formerly met and the number of meetings attended by Directors during the financial year are reported in the Directors' Report.

ASX Recommendations 1.3, 2.1, 2.2 (refer to best practice summary)

(c) Remuneration Committee

The Remuneration Committee is governed by its charter, as approved by the Board. The Charter is available within the Corporate Governance section on Cyclopharm's website, at www.cyclopharm.com.au.

The Remuneration Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive Directors, senior executives and non-executive Directors. Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights and responsibilities. Executive remuneration and other terms of employment are reviewed annually by the Committee having regard to personal and corporate performance contribution to long-term growth, relevant comparative information and independent expert advice. As well as base salary, remuneration packages may include superannuation and retirement and termination entitlements.

The Remuneration Report, which has been included in the Directors' Report, provides information on the Group's remuneration policies and payment details for Directors and key management personnel.

The number of times the Board Remuneration Committee has formerly met and the number of meetings attended by Directors during the financial year are reported in the Directors' Report.

ASX Recommendations 1.3, 1.7, 8.1 (refer to best practice summary)

4 Recognising and managing risk

A range of factors and risks some of which are beyond the Company's control can influence performance. The Company has in place a range of procedures to identify, assess and control risks which are reviewed by the Audit and Risk Committee and also by the Board periodically.

(a) Board oversight of the risk management system

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The Company recognises four main types of risk:

- Market risk, relates to the risk to earnings from changes in market conditions including economic activity, interest rates, investor sentiment and world events.
- Operational risk, relates to inadequacy of or a failure of internal processes, people or systems or from external events.
- Credit risk, relates to the risk that the other party to a transaction will not honour their obligation; and
- Regulatory risk, relates to the risk that there may be changes to legislation (including but not limited to laws which relate to corporations and taxation) in the future which restricts or limits in some way the Company's activities.

ASX recommendations 7.1, 7.2 (refer to best practice summary)

The Board, based on the recommendations of the Managing Director, Mr McBrayer, makes decisions on investments for the Company. The Board considers that the general retention by it of the power to make the final investment or divestment decision by majority vote provides an effective review of the investment strategy.

A majority of the Directors must approve any modification to the investment parameters applying to the Company's assets. Any proposed major change in investment strategy is first put to Shareholders for their approval.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify an manage risks in all of the Company's activities.

ASX recommendation 7.2 (refer to best practice summary)

(c) Managing Director and Chief Financial Officer Certification

The Managing Director and Chief Financial Officer (or equivalent) provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;

- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management, internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management, internal compliance and control system is operating efficiently and effectively in all material respects.

ASX recommendation 4.2 (refer to best practice summary)

(d) Internal audit, review and risk evaluation

Due to its size, Cyclopharm does not have an internal audit function. Assurance is provided to the Board by senior management on the adequacy and effectiveness of management controls for risk. The external auditors will provide a report communicating significant deficiencies identified in internal controls during the audit to the board and management.

ASX recommendation 7.3 (refer to best practice summary)

5 Remuneration

(a) Overview

The Remuneration Committee is responsible for reviewing the compensation arrangements for the Managing Director and other key personnel. The Remuneration Committee is also responsible for reviewing management incentive schemes, superannuation, retirement and termination entitlements, fringe benefits policies, and professional indemnity and liability insurance policies. The nature and amount of each element of the fee or salary of each director and each of the highest-paid officers of the Company are set out in the Remuneration Report on pages 21 to 26. Non-executive Directors' fees and payments are reviewed annually by the Board. Executive Directors are, subject to the information above, paid in salary or fees.

Mr Gould and Mr Heaney meet the Recommendation's various tests of independence. Therefore there is a majority of independent non-executive Directors on the Remuneration Committee and is chaired by an independent Director. The Board does not comply with the ASX requirement to have at least 3 members on the Remuneration Committee. The Board believes that the experience that Mr Gould and Mr Heaney have in the finance industry adequately mitigates this non-compliance.

ASX recommendations 8.1, 8.3 (refer to best practice summary)

(b) Equity-based key management personnel remuneration

The Long Term Incentive Plan (LTIP) was approved by Shareholders at the Annual General Meeting held on 8 May 2007 in Melbourne. The purpose of the LTIP is to attract, retain and motivate employees and officers of the Company to drive performance at both the individual and corporate level. Any further participation by Directors in the LTIP will require Shareholders approval in accordance with the ASX Listing Rules.

6 Timely and balanced disclosure

The Company believes that all Shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's market disclosure policy approved by the Board and governs how the Company communicates with Shareholders and the market. Shareholders are encouraged to participate in general meetings.

(a) Market disclosure policy and practices

The Continuous Disclosure and Market Communication Policy is available within the Corporate Governance section on Cyclopharm's website, at www.cyclopharm.com.au.

This policy includes provision for communications by the Company to:

- Be factual and subject to internal vetting and authorisation before issue;
- Be made in a timely manner;
- Not omit material information;
- Be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions; and
- Be in compliance with ASX Listing Rules continuous disclosure requirements

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

ASX Recommendation 5.1 (refer to best practice summary)

(b) Communication strategy

The Company publishes on its website the annual reports, profit announcements, press releases and notices to meeting to encourage shareholder and investor participation in Cyclopharm.

ASX Recommendations 6.1, 6.2, 6.3, 6.4 (refer to best practice summary)

7 Ethical and responsible decision-making

(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of Cyclopharm act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. All officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

ASX Recommendation 3.1 (refer to best practice summary)

8 Timely and balanced disclosure

(a) Policy concerning trading in Company securities

On 19 February 2009, the Board resolved to adopt a new Policy concerning trading in Company securities. An executive, director or relevant employees (‘employee’) must not trade in any securities of the Company at any time when they are in possession of unpublished, price sensitive information in relation to those securities. An employee should not deal in securities of Cyclopharm without receiving clearance from a Committee comprised of the Managing Director and the Chairman (or in the absence of either of these two directors by any other director) who has ensured that there is no unpublished price sensitive information.

Generally, an employee must not be given clearance to deal in any securities of Cyclopharm during a prohibited period. A ‘prohibited period’ means:

(a) The period from year end and preliminary announcement of the full year results (usually 1 February to end February);

(b) The period from half year end and preliminary announcement of the half year results (usually 1 August to end August); and

(c) Any other periods advised to employees by the Board (via the Company Secretary).

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

ASX Recommendation 5.1 (refer to best practice summary)

9 Diversity

The Company publishes on its website its Diversity Policy.

The proportion of women employees within the following three levels as at 31 December 2015 are:

- Whole organisation 28%
- Senior executive positions 15%
- Board 0%

The Board has set the following objectives which are reviewed annually:

- Establish a Diversity Committee to oversee selection of new board members and senior executives;
- For vacancies at the Board and Senior Management level ensure that a diverse candidate pool and input from a diverse selection pool;
- Establish a senior mentoring program overseen by the Managing Director for all female senior managers.

ASX Recommendation 1.5 (refer to best practice summary)

10 Checklist for summarising the best practice recommendations and compliance

ASX Principle	Reference	Compliance
Principle 1: Lay solid foundations for management and oversight		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	2b	comply
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.		comply
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	3b,3c	comply
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.		comply
1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	9	comply
1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	2g, 2i	comply
1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	3c	comply
Principle 2: Structure the board to add value		
2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	2h, 3b	comply
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	3b	comply
2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	2c, 2d, Directors' Report	comply
2.4 A majority of the board of a listed entity should be independent directors.	2a, 2d	comply
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	2c	comply
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	2b	comply

10 Checklist for summarising the best practice recommendations and compliance (continued)

ASX Principle	Reference	Compliance
Principle 3: Act ethically and responsibly		
3.1 A listed entity should:	7a	comply
(a) have a code of conduct for its directors, senior executives and employees; and		
(b) disclose that code or a summary of it.		
Principle 4: Safeguard integrity in financial reporting		
4.1 The board of a listed entity should:		
(a) have an audit committee which:	3a	do not comply
(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and		
(ii) is chaired by an independent director, who is not the chair of the board,		
and disclose:		
(iii) the charter of the committee;		
(iv) the relevant qualifications and experience of the members of the committee; and		
(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
4.2 The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	4c	comply
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	3a	comply
Principle 5: Make timely and balanced disclosure		
5.1 A listed entity should:	6a, 8a	comply
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and		
(b) disclose that policy or a summary of it.		
Principle 6: Respect the rights of security holders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	6b	comply
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	6b	comply
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	6b	comply
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	6b	comply

10 Checklist for summarising the best practice recommendations and compliance (continued)

ASX Principle	Reference	Compliance
Principle 7: Recognise and manage risk		
7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	3a, 4a	do not comply
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	3a, 4a, 4b	comply
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	4d	comply
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Directors' Report	comply
Principle 8: Remunerate fairly and responsibly		
8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	3c, 5a	do not comply
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Directors' Report (Remuneration Report)	comply
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	5b	comply

Statement of Comprehensive Income
for the year ended 31 December 2015

	Notes	Consolidated 2015 $	Consolidated 2014 $
CONTINUING OPERATIONS			
Sales revenue	4	12,582,519	12,046,797
Finance revenue		46,210	20,510
Other revenue	4	2,104,689	2,894,920
Total revenue		**14,733,418**	**14,962,227**
Cost of materials and manufacturing	4a	(2,671,671)	(3,426,976)
Employee benefits expense	4e	(3,305,078)	(3,413,729)
Advertising and promotion expense		(340,945)	(249,688)
Depreciation and amortisation expense	4c	(144,176)	(265,962)
Freight and duty expense		(450,840)	(527,711)
Research and development expense	4d	(726,992)	(492,266)
Administration expense	4f	(2,365,849)	(2,663,169)
Other expenses	4g	(612,108)	(405,211)
Reversal / (Share) of loss of associate	11	-	60,000
Profit before tax and finance costs		**4,115,759**	**3,577,515**
Finance costs	4b	(25,417)	(107,262)
Profit before income tax		**4,090,342**	**3,470,253**
Income tax benefit	5	702,705	595,310
Net Profit for the year		**4,793,047**	**4,065,563**
Other comprehensive income after income tax			
Items that will be re-classified subsequently to profit and loss when specific conditions are met:			
Exchange differences on translating foreign controlled entities (net of tax)		700,759	2,371
Total comprehensive income for the year		**5,493,806**	**4,067,934**
Earnings per share (cents per share)	6	**cents**	**cents**
-basic earnings per share for continuing operations		8.61	7.30
-basic earnings per share		8.61	7.30
-diluted earnings per share		8.35	7.08

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

Statement of Financial Position
as at 31 December 2015

		Consolidated	
		2015	2014
	Notes	$	$
Assets			
Current Assets			
Cash and cash equivalents	7	6,444,995	3,268,425
Trade and other receivables	8	4,420,505	3,268,993
Inventories	9	2,208,613	2,284,653
Other assets		23,956	27,972
Total Current Assets		**13,098,069**	**8,850,043**
Non-current Assets			
Property, plant and equipment	10	631,706	729,063
Investments accounted for using the equity method	11	-	-
Intangible assets	12	1,311,719	706,884
Deferred tax assets	5	1,499,423	675,327
Total Non-current Assets		**3,442,848**	**2,111,274**
Total Assets		**16,540,917**	**10,961,317**
Liabilities			
Current Liabilities			
Trade and other payables	13	1,754,383	1,869,475
Interest bearing loans and borrow ings	14	45,877	45,692
Provisions	15	945,129	796,363
Tax liabilities	5	475,428	208,486
Total Current Liabilities		**3,220,817**	**2,920,016**
Non-current Liabilities			
Interest bearing loans and borrow ings	14	151,499	200,039
Provisions	15	58,544	72,219
Deferred tax liabilities	5	7,814	12,883
Total Non-current Liabilities		**217,857**	**285,141**
Total Liabilities		**3,438,674**	**3,205,157**
Net Assets		**13,102,243**	**7,756,160**
Equity			
Contributed equity	16	14,962,967	14,962,967
Employee equity benefits reserve	25	495,845	365,259
Foreign currency translation reserve	25	177,660	(523,099)
Accumulated losses		(2,534,229)	(7,048,967)
Total Equity		**13,102,243**	**7,756,160**

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

Statement of Cash Flows
for the year ended 31 December 2015

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

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

Statement of Changes in Equity
for the year ended 31 December 2015

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

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

1. CORPORATE INFORMATION

The financial report of Cyclopharm Limited (“Cyclopharm” or “the Company”) for the year ended 31 December 2015 was authorised for issue by a resolution of the Directors as at the date of this report.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

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

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

The financial report is presented in Australian dollars.

Change in Accounting Policy

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Preparation

Change in Accounting Policy (continued)

Adjustments made to statement of financial position:

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

b) New and Amended Accounting Policies Adopted by the Group

Consolidated financial statements

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

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

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

c) New Accounting Standards for Application in Future Periods

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

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

d) Basis of consolidation

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

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

Subsidiaries

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Transactions eliminated on consolidation

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

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

e) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Group companies

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Income tax

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

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

Tax consolidation

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

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

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

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

g) Property, plant and equipment

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

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

Depreciation

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

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

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

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

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

h) Investments Accounted For Using The Equity Method

Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. The Group generally deems significant influence over an entity to exist if the Group has the power to participate in the financial and operating decisions of the entity but is not in control or joint control. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

i) Borrowing costs

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

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

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

j) Intangibles

Intangible assets

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

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

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

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

Research and development costs

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

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

k) Inventories

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

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

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

l) Trade and other receivables

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

m) Cash and cash equivalents

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

n) Trade and other payables

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

o) Interest-bearing loans and borrowings

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

p) Provisions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Employee entitlements

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

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

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

r) Employee share and performance share schemes

The fair value of performance rights issued under the Cyclopharm Long Term Incentive Plan 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.

s) Leases

Operating Leases

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

t) Revenue recognition

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

Sale of goods

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision of services

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

Interest

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

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

u) Other taxes

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

v) Financial instruments

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

Loans and receivables

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

De-recognition of financial instruments

Financial liabilities

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

Impairment of financial assets

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other contributed equity

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

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

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

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

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

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

x) Earnings per share

Basic earnings per share

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

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 (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (ie 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 (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

z) Significant Accounting Judgements and Estimates

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

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

Key Estimates

Impairment – general

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

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

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

Useful lives of property, plant and equipment

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

Share based payment transactions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 23 for details of the Company's Share Based Payment Plan.

Key Judgements

Taxation

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

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

3. SEGMENT REPORTING

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

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

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

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

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

Business segments

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

Geographical segments

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

3. SEGMENT REPORTING (continued)

Business Segments

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

3. SEGMENT REPORTING (continued)

Business Segments (continued)

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

3. SEGMENT REPORTING (continued)

Geographical Segments

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

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

4. REVENUES AND EXPENSES

	Notes	Consolidated 2015 $	Consolidated 2014 $
Revenue			
Sales revenue		12,582,519	12,046,797
Finance revenue		46,210	20,510
Other Revenue			
Litigation settlement proceeds		-	2,650,000
CLSA deposit recognised		-	244,920
Insurance settlement		2,104,689	-
Total other revenue		2,104,689	2,894,920
Expenses			
a) Cost of materials and manufacturing			
Cost of materials and manufacturing		2,671,671	3,426,976
b) Finance costs			
Interest paid on loans from external parties		25,417	107,262
c) Depreciation and amortisation			
Depreciation of plant and equipment		109,041	209,277
Depreciation of leasehold improvements		728	737
Amortisation of intangibles		34,407	55,948
		144,176	265,962
d) Research & development expense			
FDA expenses		686,410	478,035
Research expenses		40,582	14,231
		726,992	492,266
e) Employee benefits expense			
Salaries and wages		2,826,861	3,026,025
Defined contribution superannuation expense		252,150	265,549
Non-Executive Director fees		95,481	95,481
Share-based payments expense	23a	130,586	26,674
		3,305,078	3,413,729
f) Administration expense			
Legal and professional costs		1,000,331	1,220,314
Office and facility costs		493,711	532,372
Operating lease expenses	18a	194,749	327,150
Travel and motor vehicle costs		677,058	583,333
		2,365,849	2,663,169
g) Other expenses			
Realised Foreign exchange losses		158,785	11,275
Unrealised Foreign exchange gains		(28,191)	(8,045)
Other		481,514	401,981
		612,108	405,211

5. INCOME TAX

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

6. NET TANGIBLE ASSETS AND LOSS PER SHARE

Net Tangible Assets per share

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

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

Earnings per share

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

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

7. CASH AND CASH EQUIVALENTS

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

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

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

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

7. CASH AND CASH EQUIVALENTS (continued)

(b) Non-cash financing and investing activities

On 13 July 2015, 2,203,590 Long Term Incentive Plan shares were issued by way of loans. Refer to Note 16 Contributed Equity and Note 23 Share Based Payment Plans.

8. TRADE AND OTHER RECEIVABLES

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

Terms and conditions

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

The following table details the Group's trade and other current receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

8. TRADE AND OTHER RECEIVABLES (continued)

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue) < 30	31 - 60	61 - 90	> 90	Within Initial Trade Terms
	$	$	$	$	$	$	$
2015							
Trade receivables, third parties	4,335,581	-	123,902	-	-	-	4,211,679
Other receivables - current	125,190	-	-	-	-	-	125,190
Total trade and other current receivables	4,460,771	-	123,902	-	-	-	4,336,869
2014							
Trade receivables, third parties	3,014,321	-	72,541	15,237	-	10,186	2,916,357
Other receivables - current	254,672	-	-	-	-	-	254,672
Total trade and other current receivables	3,268,993	-	72,541	15,237	-	10,186	3,171,029

9. INVENTORIES

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

10. PROPERTY, PLANT AND EQUIPMENT

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

Fair Value Measurement

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques

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

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

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

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

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

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

Non-Recurring fair value measurements:

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

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

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated 2015 $	Consolidated 2014 $
Associated companies	-	-

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

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

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

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

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

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

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

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

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

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

Contingent liabilities

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

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

12. INTANGIBLE ASSETS

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

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

12. INTANGIBLE ASSETS (continued)

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

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

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

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

13. TRADE AND OTHER PAYABLES

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

Terms and conditions

Terms and conditions relating to the above financial instruments:

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
(ii) Other payables and accruals are non-interest bearing and have an average term of 4 months.
(iii) The non-interest bearing loan, related party loan is payable when called upon. Related party details are set out in the Note 19 Related party disclosures.

14. INTEREST BEARING LOANS AND BORROWINGS

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

(a) Financing facilities available:

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

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

(b) Secured Bank Loans

Cyclopharm's wholly owned subsidiary, Cyclomedica Ireland Limited, has a flexible rate loan provided by the Allied Irish Banks, plc. with a repayment period of 7 years. The facility is secured by a registered Fixed and Floating Charge and First Registered Debenture over Cyclomedica Ireland Limited and a guarantee from Cyclomedica Europe Limited. The Group has complied with all its banking covenants for the year ended 31 December 2015.

The loan has been fully repaid on 7 March 2016.

15. PROVISIONS

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

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

Notes
Continued

16. CONTRIBUTED EQUITY

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

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

(i) 2,203,590 Long Term Incentive Plan shares were issued on 13 July 2015 and 1,723,456 Long Term Incentive Plan shares were issued on 1 September 2014 as set out on Note 23.

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

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

16. CONTRIBUTED EQUITY (continued)

The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns for shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

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

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

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

Dividends

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

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

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

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

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

(a) Interest rate risk

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

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

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

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

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

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

(a) Interest rate risk (continued)

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

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(b) Credit risk

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

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

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

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

(c) Liquidity risk

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

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

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

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

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(d) Commodity price risk

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

(e) Foreign currency risk

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

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

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

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

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

Fair values

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk (continued)

Foreign currency sensitivity

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

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

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

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

18. COMMITMENTS & CONTINGENCIES

(a) Operating lease commitments

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

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

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

(b) Finance lease commitments

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

18. COMMITMENTS & CONTINGENCIES (continued)

(c) Other commitments

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

(i) Cyclopharm's wholly owned subsidiary, Cyclomedica Ireland Limited, has a flexible rate loan provided by the Allied Irish Banks, plc. with a repayment period of 7 years. The facility is secured by a registered Fixed and Floating Charge and First Registered Debenture over Cyclomedica Ireland Limited and a guarantee from Cyclomedica Europe Limited. The Group has complied with all its banking covenants for the year ended 31 December 2015.

The loan has been fully repaid on 7 March 2016.

(d) Capital commitments

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

(e) Contingent liabilities

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

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

19. RELATED PARTY DISCLOSURES

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

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

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

Ultimate parent entity

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

Terms and conditions of transactions with related parties

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

19. RELATED PARTY DISCLOSURES (continued)

Controlled Entities

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

Notes

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

20. EVENTS AFTER THE BALANCE DATE

SECURED BANK LOAN

The loan provided by the Allied Irish Banks, Plc. to Cyclopharm's wholly owned subsidiary, Cyclomedica Ireland Limited, was fully repaid on 7 March 2016.

FINAL DIVIDEND

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

OPERATING LEASE

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

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

21. AUDITORS' REMUNERATION

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

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

22. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURE

Individual Directors and executives compensation disclosures

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

Summary of remuneration of Directors & Key Management Personnel:

	Short-term employee benefits		Post employment benefits	Other Long-term benefits	Share-based payment	Total
	Salary & Fees	Cash Bonus	Superannuation			
Consolidated	$	$	$	$	$	$
2015	1,380,421	86,514	97,895	39,645	131,110	1,735,585
2014	1,372,298	24,080	90,880	26,217	26,572	1,540,047

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

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

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

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

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

23. SHARE BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

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

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

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

(b) Type of share based payment plans

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

Shares

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

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

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

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

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

23. SHARE BASED PAYMENT PLANS (continued)

LTIP Shares issued

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

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.

(c) Summary of Implied Options granted

The following table illustrates movements in Implied Options during the current year:

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

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

The exercise price for Implied Options at the end of the year was $0.90 (2014: $0.22 to $0.25). The weighted average remaining contractual life for the Implied Options outstanding as at 31 December 2015 is 1.54 years (2014: 1.67 years). The weighted average fair value of Implied Options granted during the year was $0.082 (2014: $0.06).

23. SHARE BASED PAYMENT PLANS (continued)

(e) Option pricing models

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

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

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

24. PARENT ENTITY DISCLOSURE

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

Contingent liabilities

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

25. RESERVES

Nature and purpose of reserves:

(a) Employee equity benefits reserve

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

(b) Foreign currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Directors' Declaration

In the opinion of the Directors of Cyclopharm Limited:

1. (a) The financial statements and notes of the consolidated entity as set out on pages 45 to 97 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

   (ii) complying with Accounting Standards which, as stated in accounting policy Note 2(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2015.

Signed in accordance with a resolution of the Directors:

James McBrayer
Managing Director and CEO

Sydney, 17 March 2016

Russell Bedford NSW
Chartered Accountants

ABN 74 632 161 298
Level 29, Suncorp Place
259 George Street
Sydney NSW 2000
Australia

T: +61 2 **9032 3000**
F: +61 2 9251 1275
E: mail@rbnsw.com.au
W: www.rbnsw.com.au

Independent Auditor's Report to the members of Cyclopharm Limited

Report on the Financial Report

We have audited the accompanying financial report of Cyclopharm Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independent Audit Report

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. In addition to our audit of the financial statements we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

(a) the financial report of Cyclopharm Limited is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

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

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 20 to 30 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Cyclopharm Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.

Emphasis of Matter

We draw attention to the footnote to the table of movements in relevant interests in shares of the Company held by Directors and other Key Management Personnel during the financial year, presented on page 27 of the Remuneration Report in the Directors' Report, which describes a potential impact on the disclosure of the relevant interest in the Company held by Mr Vanda Gould. Our conclusion is not modified in respect of this matter.

RUSSELL BEDFORD NSW
Chartered Accountants

STEPHEN FISHER
Partner

Dated this 17th day of March 2016

ASX Additional Information

The following information is current at 29 February 2016

A. SUBSTANTIAL SHAREHOLDERS

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

Shareholder	No. of ordinary shares held	Percentage held of issued ordinary capital
Lloyds & Casanove Investment Partners Limited	10,568,470	17.74%
Barings Acceptance Limited	9,967,601	16.73%
Stinoc Pty Limited (a subsidiary of CVC Ltd)	8,633,242	14.49%
Chemical Trustee Limited	8,000,000	13.43%

B. DISTRIBUTION OF EQUITY SECURITY HOLDERS

(i) Analysis of numbers of equity security holders by size of holding as at 29 February 2016

Category	Ordinary Shareholders
1 - 1,000	56
1,001 - 5,000	226
5,001 - 10,000	109
10,001 - 100,000	163
100,001 and over	37
Total	591

(ii) There were 43 holders of less than a marketable parcel of ordinary shares.

C. EQUITY SECURITY HOLDERS

	Twenty largest quoted equity security holders	Ordinary shares Number held	Percentage of issued shares
1	BARINGS ACCEPTANCE LIMITED	9,967,601	16.73%
2	LLOYDS & CASANOVE INVESTMENT PARTNERS LIMITED	9,717,600	16.31%
3	STINOC PTY LIMITED	8,633,242	14.49%
4	CHEMICAL TRUSTEE LIMITED	8,000,000	13.43%
5	NATIONAL NOMINEES LIMITED	2,770,768	4.65%
6	EXECUTIVE RECRUITMENT SERVICES LIMITED	1,800,000	3.02%
7	MR JAMES MCBRAYER <LTIP ACCOUNT HOLDING 6>	1,721,554	2.89%
8	DERRIN BROTHERS PROPERTIES LIMITED	930,000	1.56%
9	MR JAMES MCBRAYER	861,728	1.45%
10	MR JAMES MCBRAYER	861,728	1.45%
11	LLOYDS & CASANOVE INVESTMENT PARTNERS LIMITED	850,870	1.43%
12	HONNE INVESTMENTS PTY LIMITED	575,000	0.96%
13	SOUTH SEAS HOLDINGS PTY LTD	575,000	0.96%
14	MELBOURNE CORP OF AUSTRALIA PTY LIMITED (SUPERANNUATION FUND A/C)	565,469	0.95%
15	CITY & WESTMINISTER LIMITED	420,000	0.70%
16	NEWRIDGE ENGINEERS LIMITED	370,000	0.62%
17	MALACKEY HOLDINGS PTY LTD	350,000	0.59%
18	NABIL MORCOS <LITP ACCOUNT HOLDING 4>	344,311	0.58%
19	MELBOURNE CORP OF AUSTRALIA PTY LIMITED	340,000	0.57%
20	MR EDWARD JAMES STEPHEN DALLY & MRS SELINA DALLY <LEKDAL FAMILY A/C>	316,045	0.53%
		49,970,916	83.86%
	Other equity security holders	9,617,817	16.14%
	Total	**59,588,733**	**100.00%**

D. VOTING RIGHTS

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

General Information

Directors
Vanda Gould
Non-Executive Chairman

James McBrayer
Managing Director & CEO

David Heaney
Non-Executive Director

Henry Townsing
Non-Executive Director

Company Secretary
James McBrayer

Registered Office
Cyclopharm Limited
Building 75
Business & Technology Park
New Illawarra Road
Lucas Heights NSW 2234
T: 02 9541 0411
F: 02 9543 0960

Cyclomedica Australia
Building 75
Business & Technology Park
New Illawarra Road
Lucas Heights NSW 2234
T: 02 9541 0411
F: 02 9543 0960

Cyclopet
Basement 2
Macquarie University Hospital
3 Technology Place
Macquarie University NSW 2109
T: 02 9878 3869
F: 02 9889 1281

Cyclomedica Canada
615 Old York Road,
Burlington,
Ontario L7P 4Y6
Canada

Cyclomedica Germany
Museumstrasse 69
D-38229 Salzgitter
Germany

Cyclomedica Europe
Unit A5,
Calmount Business Park
Ballymount
Dublin 12
Ireland

Auditors
Russell Bedford NSW
Level 29, Suncorp Place
259 George Street
Sydney NSW 2000

Share Registry
RB Registries
Level 29, Suncorp Place
259 George Street
Sydney NSW 2000
T: 02 9032 3000
F: 02 9251 1275

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

Solicitors
Piper Alderman
Level 24, 385 Bourke Street
Melbourne VIC 3000

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

This page has been intentionally left blank.