Cyclopharm Limited
Appendix 4E

1. Company details

Name of entity

CYCLOPHARM LIMITED		
ABN or equivalent company reference	**Financial year ended ('current period')**	**Financial year ended ('previous period')**
74 116 931 250	31 December 2018	31 December 2017

2. Results for announcement to the market

2.1 Revenues from ordinary activities	up	1.6%	to	13,404,222
2.2 Loss from ordinary activities after tax attributable to members	down	(97.7%)	to	(35,456)
2.3 Net Loss for the period attributable to members	down	(97.7%)	to	(35,456)

2.4 Dividends	Amount per security	Franked amount per security
Final dividend proposed	0.5 cent	0.0 cent
Interim dividend - 2018	0.5 cent	0.0 cent

The Directors have resolved to pay a final unfranked dividend in respect of the financial year ended 31 December 2018 of 0.5 cent per share payable on 15 April 2019. An unfranked interim dividend in respect of the financial year ended 31 December 2018 was paid on 17 September 2018.

Ex-dividend date	Friday, 5 April 2019
Record date for determining entitlements to the final dividend	Monday, 8 April 2019
Payment date	Monday, 15 April 2019

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

Key features of Cyclopharm's financial results for the 2018 year included:

- Sales Revenue up 1.6% to $13.40 million, compared to the prior year
- Underlying Operating EBITDA of $1.91 m in the Technegas division
- $2.96 million expended on our USFDA approval process of Technegas
- Approved R&D tax incentive resulting in Other Income of $2.12 million
- Direct distribution access to key Scandinavian markets achieved through the SEK8.846 million acquisition of Medicall Analys AB
- $0.58 million committed to ongoing clinical trials and patient studies to evaluate Technegas in new diagnostic applications
- Strong net cash position at year-end of $5.85 million ($9.19 million as at 31 January 2019)
- Final dividend maintained at 0.5 cents per share giving full year unfranked dividends of 1.0 cent per share

Cyclopharm Limited
Appendix 4E

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

YEAR ENDED 31 DECEMBER	2018 $'000	2017 $'000	INC/(DEC) $'000	CHANGE %
SALES REVENUE	**13,404**	**13,189**	**215**	**2%**
GROSS MARGIN	**10,855**	**10,740**	**115**	**1%**
GROSS MARGIN % SALES	81.0%	81.4%	(0.4%)	
CONSOLIDATED EBITDA	**655**	**1,043**	**(388)**	**(37%)**
ADD BACK / (LESS) :				
CPET / ULTRALUTE™ DIVISION	335	457	(122)	(27%)
R&D TAX INCENTIVE	(2,122)	(2,391)	269	11%
REVERSAL OF CONTINGENT CONSIDERATION	(314)	-	(314)	(100%)
UNREALISED GAIN ON FORWARD EXCHANGE CONTRACT	(275)	-	(275)	(100%)
FDA EXPENSES	2,965	2,585	380	15%
PILOT CLINICAL TRIAL EXPENSES	251	270	(19)	(7%)
EXPENSES NET OF WRITEBACKS FOR GERMANY	410	677	(267)	(39%)
UNDERLYING EBITDA	**1,905**	**2,641**	**(736)**	**(28%)**

Further information is included in Attachment 1.

3. Statement of financial performance

Refer Attachment 1.

4. Statement of financial position

Refer Attachment 1.

5. Statement of cash flows

Refer Attachment 1.

6. Statement of retained earnings

Refer Attachment 1.

7. Dividends

Refer paragraph 2.4

8. Dividend reinvestment plans

The Group does not have a dividend reinvestment plan.

9. Net tangible assets

Refer Attachment 1.

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

Control over entities

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

Loss of control over entities

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

11. Details of associates and joint venture entities

Refer Attachment 1.

12. Significant Information

Refer Attachment 1.

13. Foreign Entities

Refer Attachment 1.

14. Commentary on results for the period

Refer Attachment 1.

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

The accounts are in the process of being audited.

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

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

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

Not applicable

Contact details:

Mr James McBrayer
Managing Director and Company Secretary
Cyclopharm Limited

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Appendix 4E
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Preliminary Final Report
For the year ended 31 December 2018

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Managing Director's Report

MANAGING DIRECTOR'S REVIEW

Dear Shareholders,

Cyclopharm's continued delivery of a solid underlying financial performance in 2018 has allowed the company to make progress against each of our strategic growth objectives.

Cyclopharm's strategies have four distinct avenues for growth:

1. Expanding Technegas sales by attaining approval to distribute Technegas in the USA in 2020;
2. Expanding the use of Technegas beyond the traditional diagnosis of Pulmonary Embolism (PE) into significantly larger applications such as Chronic Obstructive Pulmonary Disease (COPD) and Asthma, Lung Cancer, Lung Volume Reduction and Pulmonary Hypertension for both diagnosis and patient management;
3. Identifying, developing and commercialising complementary innovative technology such as Ultralute™; and
4. Leveraging our core global regulatory strengths, fiscal discipline, strong balance sheet and well-developed expertise in nuclear medicine and pulmonary healthcare to seek out complementary technologies and businesses.

Against these objectives, during 2018, Cyclopharm increased sales of our core Technegas products in existing markets, delivering Revenue of $13.40 million; accelerated the approval process to start sales of Technegas in the US market in 2020; invested in further R&D and support of clinicians for the use of Technegas in new diagnostic applications; and progressed the registration of Ultralute™ as a medical device, ahead of targeted sales in Europe; and, completed the acquisition of our Scandinavian distributor.

Key features of Cyclopharm's financial results for the 2018 year included:

- Sales revenue up 1.6% to $13.40 million, compared to the prior year
- Underlying Operating EBITDA[1] of $1.91 million in the Technegas division
- $2.96 million expended on USFDA approval process of Technegas
- Approved R&D tax incentive resulting in Other Income of $2.12 million
- Direct distribution access to key Scandinavian markets achieved through the SEK8.846 million acquisition of Medicall Analys AB
- $0.58 million committed to ongoing clinical trials and patient studies to evaluate Technegas in new diagnostic applications
- Strong net cash position at year-end of $5.85 million ($9.19 million as at 31 January 2019)
- Final dividend maintained at 0.5 cents per share (cps), giving full year unfranked dividends of 1.0 cps.

[1] Underlying Results represent results from the Technegas Division excluding R&D tax incentive, reversal of contingent consideration, FDA Expenses, Pilot Clinical Trial expenses and net provisions for Germany.

Managing Director's Report
Continued

FINANCIAL PERFORMANCE

The increase in Cyclopharm's revenue to $13.40 million during 2018 was underpinned by improved pricing for TechnegasPlus generator sales in Europe. Revenue from Generator sales increased 13% over the year to $1.79 million. PAS sales decreased by $0.28 million, predominantly due to lower sales volumes in Germany. Excluding the German market, 2018 PAS sales volume increased 8.6% over the prior corresponding period. Service revenue in markets where we distribute our products directly, increased by 41% to $0.99 million. Gross margins remained consistent at 81%.

Cyclopharm delivered underlying EBITDA of approximately $1.91 million, down $0.74 million on the prior year. This EBITDA performance reflects investments in Cyclopharm's preparation for meeting USFDA requirements.

Expenditure on the Technegas US regulatory approval process was $2.96 million, compared to $2.58 million in 2017. In 2019, the Company expects to spend approximately US$2.58 million on the USFDA approval process of Technegas in the US market, bringing total expenditure to gain approval of Technegas in the US in line with the expected US$7.5 million.

Some of Cyclopharm's costs associated with the Group's overseas R&D activity has been approved for inclusion in an R&D tax Incentive program by AusIndustry. This has allowed the company to report Other Income of $2,122,351 for the year compared to $2,390,586 reported in 2017. Cyclopharm expects to receive an R&D tax incentive of an amount similar to that received in FY2018 through to at least FY2020.

Net loss after tax for the year, which includes USFDA expenditure, was $35,456 compared to net loss after tax of $1,524,571 in the prior year, representing Basic Loss per Share of 0.05 cents. The solid Underlying EBITDA supported the Board's decision to maintain a full year final dividend of 0.5 cent per share, bringing total dividends for 2018 to 1.0 cent per share.

CYCLOPHARM'S UNDERLYING RESULTS[2]

YEAR ENDED 31 DECEMBER	2018 $'000	2017 $'000	INC/(DEC) $'000	CHANGE %
SALES REVENUE	**13,404**	**13,189**	**215**	**2%**
GROSS MARGIN	**10,855**	**10,740**	**115**	**1%**
GROSS MARGIN % SALES	81.0%	81.4%	(0.4%)	
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PILOT CLINICAL TRIAL EXPENSES	251	270	(19)	(7%)
EXPENSES NET OF WRITEBACKS FOR GERMANY	410	677	(267)	(39%)
UNDERLYING EBITDA	**1,905**	**2,641**	**(736)**	**(28%)**

[2] Underlying Results represent results from the Technegas Division excluding R&D tax incentive, reversal of contingent consideration, FDA Expenses, Pilot Clinical Trial expenses and net provisions for Germany.

Managing Director's Report
Continued

OPERATIONS AND STRATEGY

During 2018, Cyclopharm's core operations continued to generate healthy positive earnings and cashflows. Significant progress was also made in implementing our strategy to commercialise our IP in new markets whilst developing new applications in all markets to improve respiratory patient healthcare outcomes.

Operating highlights for the year included:

- Significant progress towards attaining USFDA approval to market and distribute Technegas in the United States
- Initiation of further pilot clinical trials targeting new applications for Technegas in chronic respiratory disease states
- Expansion of direct distribution footprint in Europe through acquisition of 100% of our Scandinavian distributor, Medicall Analys AB
- Validation of Cyclopharm's new, patented Ultralute™ technology in the medical device category, reflecting initial feedback from European customers and clinicians

In December 2018, Cyclopharm welcomed the release of new Canadian Association of Nuclear Medicine ("**CANM**") guidelines that strongly recommend Technegas above other ventilating agents in the diagnosis of Pulmonary Embolism, particularly in patients with Chronic Obstructive Pulmonary Disease ("**COPD**"). The company views this recent endorsement of Technegas as a positive indicator of its sales potential in the much larger US market, once approved.

Cyclopharm also made significant progress leveraging our strategic growth objectives.

EXPAND TECHNEGAS REVENUE

Revenue from the core Technegas division, of $13.40 million, rose 1.6% over the prior year, supported by higher average prices for TechnegasPlus generators.

Sales of PAS represented 79% of the total revenue, and were 3% lower than the prior year, which was more than offset by sales of generators and other service revenue, which represented 21% of revenue and were up 22% on the prior year. The increase was a result of pricing increases of Generators in Europe and an increase in service and other revenue to $0.99 million compared to $0.71 million in 2017.

TECHNEGAS SALES COMPOSITION ($MILLIONS)	2015	2016	2017	2018	CHANGE FY17 TO 18
PAS REVENUE	10.15	10.78	10.91	10.62	(3%)
GENERATOR AND SERVICE REVENUE	2.36	3.60	2.28	2.78	22%
TOTAL	**12.51**	**14.38**	**13.19**	**13.40**	**1.6%**

Each box of Patient Administration Sets (PAS) is equal to 50 patient doses of Technegas. Cyclopharm sold 3,893 PAS boxes in 2018 down from 4,238 in 2017. The Group's sales of PAS units included additional sales in France following the 2017 renegotiation of our supply contract in that market and resumed PAS sales in China in the second half of the year. However, a reduction of PAS sales in Germany, following termination of the company's General Manager in that market followed by various legal proceedings impacted overall unit sales in that market.

Excluding the German market, 2018 PAS sales volume increased 8.6% over the prior corresponding period.

While the Group sold 50 Technegas generators, down from 56 in the prior year, average prices in the European market improved reflecting capturing distribution margins following acquisition of our Scandinavian distributor Medicall Analys AB ("MA") in May 2018. With this acquisition, Cyclopharm now has direct access to supply Technegas products to Sweden, Norway and Finland in addition to the Company's existing direct markets located in Belgium, Luxembourg, Netherlands and Germany.

Regional review

Revenue in the Americas comprised sales in Canada and Latin America, with combined revenue down 6% on 2017. Canada contributed 16% of revenue at $2.14 million, down 3% on 2017, which included the sale of 849 PAS boxes, 63 fewer than the prior year. Revenue in Latin America was $116,441 which included a 64% increase in PAS sales from 66 to 108 boxes. 2018 revenue was impacted by 5 fewer Generators being sold in Latin America than in 2017.

Europe contributed approximately 64% of revenue at $8.35 million, in line with 2017 despite PAS sales of 2,003 being down 22% on 2017 and Generator sales, at 31, being down 14% on 2017. Revenue from Europe benefited from improved average prices, with Cyclopharm capturing the distribution margin, following the acquisition of its distributer for our Scandinavian market in May 2018.

The decline in European volumes reflects the absence of sales in Germany while legal action, initiated by Cyclopharm against its former distributor in Germany, continues to run its course. As advised in an ASX announcement of 24 January 2019, Cyclopharm received a successful judgment in its first civil case against its former distributer and was awarded a payment of approximately A$335,000.

Revenue in the Asia Pacific region rose by 12% in 2018 to $2.66 million. In Australia, revenue was 4.1% higher with a 7% increase in PAS boxes sold compared to 2017 while generator sales decreased to 6 units, one less than in 2017. Sales revenue to Asia was up 219% in 2018 representing 5 generators and 219 PAS boxes compared to 3 Generators and 16 PAS boxes in 2017. This was primarily due to sales to China resuming in the second half of 2018.

Revenue within the Rest of the World, predominantly sales in South Africa, were up 43% to $131,024, reflecting the sale of 3 Generators in 2018 compared to no Generator sales in 2017. PAS sales remained steady at 45 units.

TECHNEGAS SALES BY REGION ($MILLIONS)	2015	2016	2017	2018	CHANGE FY17 TO 18
Americas	2.14	2.36	2.39	2.26	(6%)
Europe	7.81	7.94	8.34	8.35	-
Asia Pacific	2.47	4.00	2.37	2.66	12%
South Africa	0.09	0.09	0.09	0.13	43%
Total	**12.51**	**14.38**	**13.19**	**13.40**	**1.6%**

Managing Director's Report
Continued

ACCESS USA & OTHER NEW MARKETS

The most significant business opportunity for Cyclopharm is gaining USFDA approval to sell Technegas in the US market. Cyclopharm is currently compiling the necessary elements required for Technegas' USFDA New Drug Application (NDA). The US Government shut-down has impacted some of our progress in developing a critical section of NDA. Due to this unforeseeable delay outside of the Company's control, Cyclopharm will be submitting our NDA during the second half of 2019 with commercial sales expected in 2020.

The US market represents half of the nuclear medicine departments globally. The existing US nuclear medicine ventilation imaging market for Technegas is valued at US$90 million, attributed to 600,000 individual procedures performed in determining the presence of Pulmonary Embolism (PE).

Consistent with its experience in other markets, Cyclopharm is targeting an 80% share of the existing US nuclear medicine ventilation imaging market, representing around 480,000 individual procedures per annum. Based on the Group's experience of the rates of adoption of Technegas following regulatory approval in Canada, Cyclopharm believes that a 50% total market conversion is achievable over 2 to 3 years with the balance of the target market converted within 5 to 7 years.

To date, Cyclopharm has enrolled 114 patients in its Phase 3 Trial in support of its proposed application to USFDA.

Following the company's submission of its first 40-patient interim study in the first half of 2018, Cyclopharm met with USFDA in October to explore opportunities to refine or alter the clinical trial program. As a result of that meeting, USFDA provided constructive guidance to Cyclopharm, relating to an alternative 505(b)2 New Drug Application Pathway and approved a variation to the existing trial that is expected to expedite patient enrolment.

In parallel with the clinical elements of our USFDA New Drug Application under development in the USA, in 2018 Cyclopharm implemented an updated Quality Management System at our new manufacturing facility located in the Sydney suburb of Kingsgrove. Furthermore, the company has initiated a comprehensive documentation review of our medical devices to ensure compliance to the most recent USFDA guidelines as well as the new International Medical Device Single Audit Program (MDSAP). MDSAP is a regulatory harmonisation initiative between Australia, Brazil, Japan, Canada and the United States. MDSAP compliance will minimise disruptions due to multiple regulatory audits, provide predictable audit schedules and incorporate the ISO 13485 compliance required for our CE mark in Europe. The Company is targeting MDSAP certification during 1H 2019.

In addition to the US market, Cyclopharm continues to pursue regulatory approvals to commence sales of Technegas in Russia and additional European markets.

BEYOND PE

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

These new markets represent an opportunity to drive significant growth in sales of Technegas in mature and new markets, as more than 500 million patients per annum are treated for asthma and COPD.

Cyclopharm's strategy is to target new applications through clinical studies; education of clinicians; and direct engagement with respiratory medicine referrers.

In August 2017, Cyclopharm funded a 100-patient research study, in collaboration with the Hunter Medical Research Institute and the University of Newcastle, singling out the use of Technegas in severe asthma patients. 100 eligible patients have been recruited to date. A 30-patient subset of these 100 are undergoing further tests to determine response to therapy. It is envisioned that the first articles referencing this trial will be published in the coming months. The cost of the trial is estimated to be approximately $600,000. More information on this trial is available at: https://hmri.org.au/news-article/nuclear-imaging-clear-airway-diagnosis .

In May of 2018, Cyclopharm announced funding of a $387,000, three-year, 100-patient study by the Woolcock Institute for Medical Research in collaboration with The University of Sydney and the Northern Sydney Local Health District. The trial is designed to develop better tools to diagnose and manage patients suffering from Asthma and COPD using Technegas. This study is scheduled to commence during H1 2019.

The current Beyond PE trials build on the first, peer reviewed, article published in May 2017, from the Cyclopharm sponsored trial in China targeting the use of Technegas in treating COPD.

Cyclopharm is actively promoting these trials to clinicians globally to encourage the use of Technegas in new applications, such as COPD and asthma, and has received anecdotal feedback that Technegas is already being used in lung volume reduction applications in Australia.

COMMERCIALISE ULTRALUTE™

Following an initial, test sales of Ultralute™, Cyclopharm's patented nuclear medicine technology, in Canada, in 2018, and feedback from potential customers, the decision was taken to register Ultralute™ as a medical device technology within Europe, in order to broaden its overall market acceptance. While this has lengthened the timeframe for full commercialization, categorization of Ultralute™ as a medical device category is expected to optimise the commercial value of this technology.

The initial launch market for Ultralute™ is Europe and a full commercial launch is expected to commence following registration as a medical device targeted in late 2019.

Ultralute™ has generated strong international interest given its potential to bring significant cost savings in the delivery of pharmaceuticals used in nuclear medicine. Ultralute™ extends the useful life of Molybdenum-99 (Mo-99) generators by up to 50%. This technology potentially gives nuclear medicine departments the ability to dramatically improve operating efficiencies and health outcomes for patients.

Meaningful commercial sales of Ultralute™ within the medical device category in Europe are expected in 2020. The company believes the commercial prospects for Ultralute™ are exciting

and remains confident it will provide the basis for enhanced shareholder returns over the longer term.

OTHER BUSINESSES

Joint Venture - Macquarie Medical Imaging

Macquarie Medical Imaging ("MMI") is a joint venture between Cyclopharm, Alfred Imaging and Macquarie University Hospital, which provides a range of radiology, nuclear medicine and imaging services. It is accounted for on an equity basis, due to Cyclopharm's minority shareholding, and as a result, MMI's full accounts are not consolidated into our accounts.

Molecular Imaging Trading as Cyclopet

In September 2017, Cyclopharm announced it had signed a term sheet with Cyclotek (Aust) Pty Ltd, PETTECH Solutions Pty Ltd and Macquarie University to create a new business, Cyclotek NSW, to service the NSW and the broader Australian molecular imaging sector.

The initiative will enable the productive future utilisation of Cyclopharm's legacy asset to enhance health outcomes for the Australian community. Cyclopharm will also receive an income stream from what was a suspended business and that will also, potentially, provide additional commercial opportunities via the international commercial rights to IP developed within the collaboration.

The arrangements are subject to finalisation of agreements and completion of certain conditions, including obtaining the necessary approvals and licenses.

Managing Director's Report
Continued

SUMMARY AND OUTLOOK

2018 was a year of significant investment in the strategic priorities that will drive the next phase of Cyclopharm's growth strategy. During the year, we recorded a solid underlying sales and earnings performance from our continuing operations, supporting our USFDA trials, R&D and ongoing dividends.

The company's core Technegas business recorded consistent underlying sales when adjusted for the reduction of sales in Generators and PAS boxes in Germany. PAS sales volume grew across our other major markets with total PAS sales, ex-Germany, up 8.6% on the prior year.

In 2018, $2.96 million was invested to progress USFDA regulatory approval for the use of Technegas in the US for diagnosing PE, a market valued at US$90 million. USFDA Trials are expected to progress to regulatory approval for use across several indications in 2020, including: lung transplants, Pulmonary Hypertension and acute Pulmonary Embolism. We are also continuing to pursue regulatory approvals to commence sales of Technegas in Russia and additional European markets.

We invested over $0.25 million in a successful clinical trial to expand the use of Technegas into the diagnosis and monitoring of Asthma which represents a much larger market than our current application in the Pulmonary Embolism market. In addition, we completed the acquisition of Medicall Analys AB for a consideration of SEK8.846 million paid over 3 years, to provide supply chain synergies to the Group.

The anticipated underlying solid financial performance will allow the Group to maintain its healthy capital position and dividend policy. I look forward to continuing to report to our shareholders our progress against our next phase growth drivers which are expected to deliver returns for our investors and be support by our strategic priorities, which remain:

1. Expanding Technegas sales by attaining approval to distribute Technegas in the USA in 2020;
2. Expanding the use of Technegas beyond the traditional diagnosis of Pulmonary Embolism (PE) into significantly larger applications such as Chronic Obstructive Pulmonary Disease (COPD) and Asthma, Lung Cancer, Lung Volume Reduction and Pulmonary Hypertension for both diagnosis and patient management;
3. Identifying, developing and commercialising complementary innovative technology such as Ultralute™; and
4. Leveraging our core global regulatory strengths, fiscal discipline, strong balance sheet and well-developed expertise in nuclear medicine and pulmonary healthcare to seek out complementary technologies and businesses.

Finally, I thank all my colleagues who have contributed to the growth of the Company over recent years and assure you that the Cyclopharm management team, with the ongoing support of the Board, remains absolutely committed to delivering positive health outcomes for our patients and growing financial rewards to our shareholders.

James McBrayer
Managing Director

Consolidated Statement of Profit or Loss And Other Comprehensive Income
for the year ended 31 December 2018

UNAUDITED

		Consolidated	
		2018	2017
	Notes	$	$
CONTINUING OPERATIONS			
Sales revenue	5	13,404,222	13,188,752
Finance revenue	5	103,411	79,529
Other revenue	5	2,122,351	2,390,586
Total revenue		**15,629,984**	**15,658,867**
Cost of materials and manufacturing	5a	(2,965,588)	(2,647,649)
Employee benefits expense	5e	(4,457,135)	(4,027,216)
Advertising and promotion expense		(319,148)	(351,462)
Depreciation and amortisation expense	5c	(510,230)	(318,088)
Freight and duty expense		(436,340)	(450,429)
Research and development expense	5d	(3,219,385)	(2,871,288)
Administration expense	5f	(4,040,894)	(3,900,809)
Reversal of contingent consideration		313,922	-
Other expenses	5g	149,351	(366,708)
Profit before tax and finance costs		**144,537**	**725,218**
Finance costs	5b	(26,129)	(20,079)
Profit before income tax		**118,408**	**705,139**
Income tax	6	(153,864)	(2,229,710)
Loss for the year		**(35,456)**	**(1,524,571)**
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)		62,230	302,106
Total comprehensive income / (loss) for the year		**26,774**	**(1,222,465)**
Loss per share (cents per share)	7	**cents**	**cents**
-basic loss per share for continuing operations		(0.05)	(2.25)
-basic loss per share		(0.05)	(2.25)
-diluted loss per share		(0.05)	(2.25)

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

Consolidated Statement of Financial Position

as at 31 December 2018

UNAUDITED

	Notes	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current Assets			
Cash and cash equivalents	8	5,854,959	8,689,676
Trade and other receivables	9	6,247,065	5,337,824
Inventories	10	2,771,546	2,677,303
Current tax asset	6	78,377	27,778
Other assets		502,503	96,258
Total Current Assets		**15,454,450**	**16,828,839**
Non-current Assets			
Property, plant and equipment	11	2,468,406	2,682,423
Investments	12	-	-
Intangible assets	13	4,570,344	2,767,030
Deferred tax assets	6	1,043,521	1,098,949
Total Non-current Assets		**8,082,271**	**6,548,402**
Total Assets		**23,536,721**	**23,377,241**
Liabilities			
Current Liabilities			
Trade and other payables	14	3,599,465	2,606,594
Interest bearing loans and borrowings	15	120,577	87,536
Provisions	16	855,517	944,276
Tax liabilities	6	643,644	1,573,059
Total Current Liabilities		**5,219,203**	**5,211,465**
Non-current Liabilities			
Trade and other payables	14	336,864	154,727
Interest bearing loans and borrowings	15	-	87,330
Provisions	16	300,609	212,335
Deferred tax liabilities	6	517	549
Deferred income liabilities	17	663,559	461,443
Total Non-current Liabilities		**1,301,549**	**916,384**
Total Liabilities		**6,520,752**	**6,127,849**
Net Assets		**17,015,969**	**17,249,392**
Equity			
Contributed equity	18	21,905,035	21,551,727
Employee equity benefits reserve		663,005	625,038
Foreign currency translation reserve		(540,971)	(603,201)
Accumulated losses		(5,011,100)	(4,324,172)
Total Equity		**17,015,969**	**17,249,392**

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2018

UNAUDITED

	Notes	Consolidated 2018 $	2017 $
Operating activities			
Receipts from customers		14,137,456	14,509,179
Payments to suppliers and employees		(15,146,455)	(14,653,135)
Interest received		103,411	79,529
Borrowing costs paid		(26,129)	(20,079)
Income tax received / (paid)		1,114,933	(197,178)
Net cash flows from / (used in) operating activities	8	**183,216**	**(281,684)**
Investing activities			
Payments for acquisition of subsidiary		(680,967)	(1,003,021)
Cash acquired upon acquisition of subsidiary		86,830	1,175,958
Purchase of property, plant and equipment		(206,098)	(641,101)
Payments for intangible assets		(1,893,429)	(1,068,398)
Net cash flows used in investing activities		**(2,693,664)**	**(1,536,562)**
Financing activities			
Proceeds from issue of shares		-	6,947,816
Costs of raising capital		-	(359,056)
Settlement of loan for Long Term Incentive Plan Shares		353,308	-
Dividends paid		(651,472)	(600,122)
Repayment of bank borrowings		(54,289)	(160,172)
Net cash flows (used in) / from financing activities		**(352,453)**	**5,828,466**
Net (decrease) / increase in cash and cash equivalents		**(2,862,901)**	**4,010,220**
Cash and cash equivalents			
- at beginning of the period		**8,689,676**	**4,590,760**
- net foreign exchange differences from translation of cash and cash equivalents		28,184	88,696
- at end of the year	8	**5,854,959**	**8,689,676**

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

UNAUDITED

CONSOLIDATED	Contributed Equity $	Other Contributed Equity $	Total Contributed Equity $	Retained Earnings / (Accumulated Losses) $	Foreign Currency Translation Reserve $	Employee Equity Benefits Reserve $	Total $
Balance at 1 January 2017	**20,296,125**	**(5,333,158)**	**14,962,967**	**(2,199,479)**	**(905,307)**	**603,622**	**12,461,803**
Loss for the year	-	-	-	(1,524,571)	-	-	(1,524,571)
Other comprehensive loss	-	-	-	-	302,106	-	302,106
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,524,571)**	**302,106**	**-**	**(1,222,465)**
Issue of non-renounceable entitlement offer shares	6,947,816	-	6,947,816	-	-	-	6,947,816
Cost of raising capital	(359,056)	-	(359,056)	-	-	-	(359,056)
Dividends paid	-	-	-	(600,122)	-	-	(600,122)
Cost of share based payments	-	-	-	-	-	21,416	21,416
Total transactions with owners and other transfers	**6,588,760**	**-**	**6,588,760**	**(600,122)**	**-**	**21,416**	**6,010,054**
	-	-	-	-	-	-	-
Balance at 31 December 2017	**26,884,885**	**(5,333,158)**	**21,551,727**	**(4,324,172)**	**(603,201)**	**625,038**	**17,249,392**
Balance at 1 January 2018	**26,884,885**	**(5,333,158)**	**21,551,727**	**(4,324,172)**	**(603,201)**	**625,038**	**17,249,392**
Loss for the year	-	-	-	(35,456)	-	-	(35,456)
Other comprehensive loss	-	-	-	-	62,230	-	62,230
Total comprehensive loss for the year	**-**	**-**	**-**	**(35,456)**	**62,230**	**-**	**26,774**
Issue of non-renounceable entitlement offer shares	-	-	-	-	-	-	-
Cost of raising capital	-	-	-	-	-	-	-
Payment of loan for Long Term Incentive Plan shares	353,308	-	353,308	-	-	-	353,308
Dividends paid	-	-	-	(651,472)	-	-	(651,472)
Cost of share based payments	-	-	-	-	-	37,967	37,967
Total transactions with owners and other transfers	**353,308**	**-**	**353,308**	**(651,472)**	**-**	**37,967**	**(260,197)**
Balance at 31 December 2018	**27,238,193**	**(5,333,158)**	**21,905,035**	**(5,011,100)**	**(540,971)**	**663,005**	**17,015,969**

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

1. CORPORATE INFORMATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

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

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

The financial report is presented in Australian dollars.

b) New and Amended Accounting Standards and Interpretations adopted by the Group

Consolidated financial statements

The Group adopted the following Australian Accounting Standards (new and amended) from the mandatory application date of 1 January 2018. The new and amended Standards are not expected to have a significant impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New and Amended Accounting Standards and Interpretations adopted by the Group (continued)

AASB 2016-3: Amendments to Australian Accounting Standards – Clarification to AASB 15

This Standard amends AASB 15 Revenue from Contracts with Customers to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15. This amended Standard did not have a significant impact on the Group's financial statements.

AASB 9: Financial Instruments and associated Amending Standards

This Standard replaces AASB 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. There is no material impact on the financial statements upon the Group's application of AASB 9.

AASB 2016-5: Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

This Standard amends AASB 2 Share-based Payment to address:
(a) the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of this amended statement is not expected to have a material impact on the Group's financial statements.

AASB 15: Revenue from Contracts with Customers

AASB 15 supersedes AASB 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new Standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This Standard requires entities to exercise judgement, taking into consideration all of the relevant fact and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted AASB 15 and there was no material impact to the financial statements.

The Group is in the business of providing medical and radiopharmaceutical equipment and consumables and aftersales services. The equipment, consumables and services are sold on their own in separately identified contracts with customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New and Amended Accounting Standards and Interpretations adopted by the Group (continued)

a) Sale of goods
The Group's contracts with customers for the sale of equipment and consumables generally include one performance obligation. The Group has concluded that revenue from sales of equipment and consumables should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition. The amount of revenue recognised was not affected because contracts for the sales of equipment and consumables do not provide customers with a right of return or any volume rebates.

b) Rendering of services
The Group provides aftersales services which are sold separately from the sale of equipment to a customer. The aftersales services do not significantly customise or modify the equipment. Prior to the adoption of AASB 15, the Group accounted for the equipment and aftersales service as separate deliverables based on the invoiced amounts over the term of the aftersales contract. Under AASB 15, the Group assessed that there is no material impact to the accounting treatment.

c) Presentation and disclosure requirements
The Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 3 for the disclosure on disaggregated revenue.

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

AASB 2017-1: Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments

This Standard clarifies that:

b) a change in classification to or from investment property can only be made where there is evidence of a change in use of the property. A change in management's intention is, in isolation, not evidence of a change in use; and

b) the election by a venture capital organisation, mutual fund, unit trust or similar entity to measure investments in an associate or joint venture at fair value through profit or loss is made separately for each associate or joint venture.

The adoption of this Standard is not expected to have a material impact on the Group's financial statements.

Interpretation 22: Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which the entity recognises the payment or receipt of advance consideration in a foreign currency.
The adoption of Interpretation 22 is not expected to have a material impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) New Accounting Standards and Interpretations Not Yet Adopted

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:

Applicable to annual reporting periods beginning on or after 1 January 2019:

AASB 16: Leases

AASB 16 replaces AASB 117 Leases and set out the principles for the recognition, measurement, presentation and disclosure of leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

This Standard applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided the entity also applies AASB 15 Revenue from Contracts with Customers at or before the same date.

Although the Directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Interpretation 23: Uncertainty over Income Tax Treatments

Interpretation 23 clarifies how to apply the recognition and measurement requirements in AASB 112 Income Taxes when there is uncertainty over income tax treatments.

Consequential amendments are made to AASB 1 First-time Adoption of Australian Accounting Standards as a result of Interpretation 23 by AASB 2017-4.

The adoption of this Interpretation is not expected to have a material impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) New Accounting Standards and Interpretations Not Yet Adopted (continued)

AASB 2017-6: Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation.

This Standard amends AASB 9 to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature.

The adoption of AASB 2017-6 is not expected to have a material impact on the Group's financial statements.

AASB 2017-7: Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

This Standard amends AASB 128 to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128.

The adoption of this Standard is not expected to have a material impact on the Group's financial statements.

AASB 2014-10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)

Amend AASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2022 by AASB 2017-5.

These new and amended Standards are not expected to have a significant impact on the Group's financial statements.

d) Basis of consolidation

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

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2018. All subsidiaries have a reporting date of 31 December.

Subsidiaries

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Transactions eliminated on consolidation

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

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, and Inter Commerce Medical bvba, is European Euro (Euro €), Medicall Analys AB is Swedish Kroner (SEK) and Cyclomedica Canada Limited is Canadian dollars (Can $).

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Income tax

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

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

Tax consolidation

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

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

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

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

g) 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

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

h) Investments Accounted For Using The Equity Method

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

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

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

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 12.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Intangibles

Intangible assets

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

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

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

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

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

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

Research and development costs

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

Expenditure on development activities is capitalised only when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intend to complete the development and its costs can be measured reliably. Development expenditure is measured at cost less any accumulated amortisation and impairment losses. Amortisation is calculated using a straight-line method to allocate the costs over a period during which the related benefits are expected to be realised.

Expenditure on the development of the Technegas Plus and Ultralute generator has been capitalised. Costs will be amortised once the asset development is completed and the asset ready for use. No impairment provision has been deemed appropriate. The Directors are satisfied that the future economic benefits will eventuate to justify the capitalisation of the expenditure incurred. Development expenditure is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Inventories

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

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

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

k) Trade and other receivables

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

l) 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.

m) 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.

n) 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.

o) 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)

p) 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.

q) 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.

r) Leases

Operating Leases

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Other Revenue

Interest

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

Research & Development Tax Incentive

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

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

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

t) 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.

u) Financial instruments

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

Loans and receivables

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

De-recognition of financial instruments

Financial liabilities

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

Impairment of financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Contributed equity

Share capital

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

Other contributed equity

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

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

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

- Cyclomedica Australia Pty Ltd (formerly Vita Medical Australia Pty Ltd)
- Cyclomedica Ireland Ltd (formerly Vitamedica Europe Ltd)
- Cyclomedica Europe Ltd
- Cyclomedica Canada Limited (formerly Vita Medical Canada Ltd)
- Cyclomedica Germany GmbH
- Allrad 28 Pty Ltd (deregistered 16 July 2017)
- Allrad 29 Pty Ltd (deregistered 16 July 2017)

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w) 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.

x) Fair Value

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

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

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

y) Significant Accounting Judgements and Estimates

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key Estimates

Impairment – general

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

The Group's property, plant and equipment relating to the Cyclotron facility have been fully impaired, based on management's assessment that the fair value of those assets is nil in the current industry circumstances and the condition of the damaged assets. Extensive damage to the Cyclotron facility caused by substantial water damage in June 2014, delayed any decisions about the future use of the Cyclotron facility until it is restored to its former operational status. Recent negotiations with other parties to establish a new business to operate the Cyclotron (as announced in September 2017) have not yet reached a sufficiently advanced stage to confirm that this proposed transaction will proceed. Accordingly, the suspended Cyclotron business is not considered to be a discontinued operation pending that final decision and its outcome. Refer to Note 11.

The assumptions used in the estimation of recoverable amount and the carrying amount of intangible assets are discussed in Note 13. No impairment has been recognised in respect of intangible assets at the end of the reporting period.

Useful lives of property, plant and equipment

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

Share based payment transactions

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

The Group measures the cost of share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. Refer to Note 24 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	For the period ended 31 December 2018		
	Technegas	Molecular Imaging	Total
Segments	**$**	**$**	**$**
Type of goods or service			
Sales of equipment and consumables	12,411,070	-	12,411,070
After sales services	993,152	-	993,152
Total revenue from contracts with customers	**13,404,222**	**-**	**13,404,222**
Geographical markets			
Asia Pacific	2,662,870	-	2,662,870
Europe	8,348,476	-	8,348,476
Canada	2,145,411	-	2,145,411
Other	247,465	-	247,465
Total revenue from contracts with customers	**13,404,222**	**-**	**13,404,222**
Timing of revenue recognition			
Goods transferred at a point in time	13,164,161	-	13,164,161
Services transferred over time	240,061	-	240,061
Total revenue from contracts with customers	**13,404,222**	**-**	**13,404,222**

	For the period ended 31 December 2017		
	Technegas	Molecular Imaging	Total
Segments	**$**	**$**	**$**
Type of goods or service			
Sales of equipment and consumables	12,508,594	-	12,508,594
After sales services	680,158	-	680,158
Total revenue from contracts with customers	**13,188,752**	**-**	**13,188,752**
Geographical markets			
Asia Pacific	2,365,268	-	2,365,268
Europe	8,339,838	-	8,339,838
Canada	2,199,283	-	2,199,283
Other	284,363	-	284,363
Total revenue from contracts with customers	**13,188,752**	**-**	**13,188,752**
Timing of revenue recognition			
Goods transferred at a point in time	12,958,680	-	12,958,680
Services transferred over time	230,072	-	230,072
Total revenue from contracts with customers	**13,188,752**	**-**	**13,188,752**

There are no impairment losses on receivables and contract assets arising from contracts with customers.

4. SEGMENT REPORTING

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

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

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

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 2018 and 31 December 2017.

Geographical segments
The tables under the heading geographical segment present revenue and asset information regarding geographical segments for the years ended 31 December 2018 and 31 December 2017.

4. SEGMENT REPORTING (continued)

Business Segments

For the year ended 31 December 2018	Technegas $	Consolidated Molecular Imaging $	Total $
Revenue			
Sales to external customers	13,404,222	-	13,404,222
Finance revenue	101,870	1,541	103,411
Other revenue	2,122,351	-	2,122,351
Total revenue	**15,628,443**	**1,541**	**15,629,984**
Result			
Profit / (loss) before tax and finance costs	**479,301**	**(334,764)**	**144,537**
Finance costs	(23,452)	(2,677)	(26,129)
Profit / (loss) before income tax	**455,849**	**(337,441)**	**118,408**
Income tax expense	(180,631)	26,767	(153,864)
Profit / (loss) after income tax	**275,218**	**(310,674)**	**(35,456)**
Assets and liabilities			
Segment assets	20,664,136	2,872,585	23,536,721
Segment asset increases for the period :			
- capital expenditure	279,143	-	279,143
Segment liabilities	(5,476,181)	(1,044,571)	(6,520,752)
Other segment information			
Depreciation and amortisation	(510,174)	(56)	(510,230)

4. SEGMENT REPORTING (continued)

Business Segments

For the year ended 31 December 2017	Technegas $	Consolidated Molecular Imaging $	Total $
Revenue			
Sales to external customers	13,188,752	-	13,188,752
Finance revenue	77,723	1,806	79,529
Other revenue	2,390,586	-	2,390,586
Total revenue	**15,657,061**	**1,806**	**15,658,867**
Result			
Profit/(loss) before tax and finance costs	**1,182,365**	**(457,147)**	**725,218**
Finance costs	(17,487)	(2,592)	(20,079)
Profit/(loss) before income tax	**1,164,878**	**(459,739)**	**705,139**
Income tax expense	(1,977,557)	(252,153)	(2,229,710)
Profit/(loss) after income tax	**(812,679)**	**(711,892)**	**(1,524,571)**
Assets and liabilities			
Segment assets	20,973,846	2,403,395	23,377,241
Segment asset increases for the period :			
- capital expenditure	631,764	-	631,764
Segment liabilities	(5,501,830)	(626,019)	(6,127,849)
Other segment information			
Depreciation and amortisation	(318,025)	(63)	(318,088)

4. SEGMENT REPORTING (continued)

Geographical Segments

	Consolidated				
For the year ended	**Asia Pacific**	**Europe**	**Canada**	**Other**	**Total**
31 December 2018	**$**	**$**	**$**	**$**	**$**
Revenue					
Sales to external customers	2,662,870	8,348,476	2,145,411	247,465	13,404,222
Finance revenue	103,316	95	-	-	103,411
Other revenue	2,122,351	-	-	-	2,122,351
Total segment revenue	**4,888,537**	**8,348,571**	**2,145,411**	**247,465**	**15,629,984**
Assets					
Segment assets	16,025,379	6,686,068	825,274	-	23,536,721

	Consolidated				
For the year ended	**Asia Pacific**	**Europe**	**Canada**	**Other**	**Total**
31 December 2017	**$**	**$**	**$**	**$**	**$**
Revenue					
Sales to external customers	2,365,268	8,339,838	2,199,283	284,363	13,188,752
Finance revenue	79,529	-	-	-	79,529
Other revenue	2,390,586	-	-	-	2,390,586
Total segment revenue	**4,835,383**	**8,339,838**	**2,199,283**	**284,363**	**15,658,867**
Assets					
Segment assets	16,153,299	6,236,165	987,777	-	23,377,241

5. REVENUES AND EXPENSES

	Notes	Consolidated 2018 $	Consolidated 2017 $
Revenue			
Sales revenue		13,404,222	13,188,752
Finance revenue - Interest received from other parties		103,411	79,529
Other Revenue			
R&D Tax incentive refund		2,122,351	2,390,586
Total other revenue		2,122,351	2,390,586
Expenses			
a) Cost of materials and manufacturing			
Cost of materials and manufacturing		2,965,588	2,647,649
b) Finance costs			
Interest paid on loans from external parties		26,129	20,079
c) Depreciation and amortisation			
Depreciation of plant and equipment		144,358	298,639
Depreciation of leasehold improvements		275,757	694
Amortisation of intangibles		90,115	18,755
		510,230	318,088
d) Research & development expense			
FDA expenses		2,964,770	2,584,716
Pilot Clinincal Trial expenses		251,301	270,101
Research expenses		3,314	16,471
		3,219,385	2,871,288
e) Employee benefits expense			
Salaries and wages		3,947,991	3,532,030
Defined contribution superannuation expense		297,777	316,715
Non-Executive Director fees		173,400	157,055
Share-based payments expense	24a	37,967	21,416
		4,457,135	4,027,216
f) Administration expense			
Legal and professional costs		2,184,313	1,268,746
Office and facility costs		707,308	599,075
(Reversal of) / Provision for doubtful debts		(122,220)	546,393
Operating lease expenses	20a	718,351	755,447
Travel and motor vehicle costs		553,142	731,148
		4,040,894	3,900,809
g) Other expenses			
Realised Foreign exchange (gains) / losses		(86,574)	19,143
Unrealised Foreign exchange (gains) / losses		(277,724)	4,524
Other		214,947	343,041
		(149,351)	366,708

6. INCOME TAX

	2018	2017
	$	$
The components of income tax expense comprise:		
Current income tax expense	(98,216)	(2,035,950)
Deferred tax expense	(55,648)	(193,760)
	(153,864)	**(2,229,710)**

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

Accounting profit before income tax	**118,408**	**705,136**
Statutory income tax rate of 27.5% (2017: 30%)	(32,562)	(211,541)
Effects of lower rates on overseas income	161,606	212,127
Expenditure not allowable for income tax purposes	(1,518,918)	(2,416,088)
Non-assessable income	583,647	752,369
Tax losses brought to account overseas	-	43,214
Over / (under) provsion of previous years	709,074	(401,856)
Temporary differences reversed in Australian group	(55,554)	(197,066)
Temporary differences recognised overseas	94	3,306
Tax losses not recognised overseas	(1,251)	(14,175)
Total income tax expense	**(153,864)**	**(2,229,710)**
Effective income tax rate	(129.9%)	(316.2%)
Current income tax asset	**78,377**	**27,778**
Current income tax liability	**643,664**	**1,573,059**
Deferred tax assets		
Deferred tax assets from temporary differences on:		
Investments	402,139	432,505
Provisions and accruals	458,584	486,981
Other	182,798	179,463
Total deferred tax assets	**1,043,521**	**1,098,949**
Movements in deferred tax assets		
Opening balance	1,098,949	1,296,015
Deferred tax assets attributable to temporary differences brought to account	(55,428)	(197,066)
Closing balance	**1,043,521**	**1,098,949**
Deferred tax liabilities		
Deferred tax liabilities from temporary differences on:		
Provisions and accruals	517	549
Total deferred tax liabilities	**517**	**549**
Movements in deferred tax liabilities		
Opening balance	549	3,855
Reversal of temporary differences	(32)	(3,306)
Closing balance	**517**	**549**
Deferred tax assets for which no benefit has been recognised:		
- arising from temporary differences - at 27.5%	873,948	837,633
- arising from revenue tax losses - at 27.5%	-	-
- arising from capital tax losses - at 27.5%	21,686	21,686

7. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	2018	2017
	$	$
Net assets per share	0.25	0.25
Net tangible assets per share	0.18	0.21
	Number	Number
Number of ordinary shares for net assets per share	68,698,873	68,254,316
	2018	2017
	$	$
Net assets	17,015,969	17,249,392
Net tangible assets	12,445,625	14,482,362

The number of ordinary shares includes the effects of 500,000 Long Term Incentive Performance ('LTIP') shares issued on 2 July 2018 (2017: 225,000 Long Term Incentive Performance shares issued on 19 April 2017) and excludes 55,443 expired LTIP shares cancelled on 8 October 2018 as set out in Note 18.

Loss per share

	Consolidated	
	2018	2017
	cents	cents
Basic loss per share for continuing operations	(0.05)	(2.25)
Basic loss per share	(0.05)	(2.25)
Diluted loss per share	(0.05)	(2.25)
	Number	Number
Weighted average number of ordinary shares for basic loss per share	67,973,873	67,891,316
Weighted average number of ordinary shares for diluted loss per share	67,973,873	67,891,316
	2018	2017
	$	$
Loss used to calculate basic earnings per share	(35,456)	(1,524,571)
Loss used to calculate diluted earnings per share	(35,456)	(1,524,571)

The weighted average number of ordinary shares for basic loss per share excludes the effects of 500,000 LTIP shares issued on 2 July 2018 and 225,000 LTIP shares issued on 19 April 2017 set out in Note 18 as they are contingently returnable.

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2018	2017
	$	$
Cash at bank and in hand	5,854,959	8,689,676
Total cash and cash equivalents	**5,854,959**	**8,689,676**

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

The fair value of cash equivalents is $5,854,959 (2017: $8,689,676).

Reconciliation of Statement of Cash Flows	2018	2017
	$	$
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	5,854,959	8,689,676
	5,854,959	**8,689,676**
(a) Reconciliation of net loss after tax to net cash flows from operations		
Net loss after tax	**(35,456)**	**(1,524,571)**
Adjustments for non-cash income and expense items:		
Depreciation	420,115	299,333
Amortisation	90,115	18,755
Movement provision for employee benefits	(86,832)	(20,141)
Movement in foreign exchange	34,046	213,409
Movement in employee benefits reserve	37,967	21,416
Movement in other provisions	558,264	708,494
	1,018,219	**(283,305)**
Increase/decrease in assets and liabilities:		
(Increase) / Decrease in receivables	(744,320)	622,163
Increase in inventories	(94,243)	(44,199)
Increase in other receivables	(448,946)	(2,765,564)
Increase in current tax asset	(50,599)	(27,778)
Decrease in deferred tax assets	55,428	197,066
Increase in creditors	1,175,008	156,689
(Decrease) / Increase in current tax liabilities	(929,415)	1,545,220
Decrease in deferred tax liabilities	(32)	(3,306)
Increase in deferred income liability	202,116	321,330
Net cash flow from / (used in) operating activities	**183,216**	**(281,684)**

8. CASH AND CASH EQUIVALENTS (continued)

(b) Non-cash financing and investing activities

On 2 July 2018, 500,000 Long Term Incentive Plan (LTIP) shares were issued by way of loans. During 2018, 138,000 LTIP shares vested and an election was made to extend the exercise period for up to 5 years, whilst 55,443 LTIP shares lapsed and were cancelled. On 19 April 2017, 225,000 Long Term Incentive Plan (LTIP) shares were issued by way of loans. Refer to Note 18 Contributed Equity and Note 25 Share Based Payment Plans.

9. TRADE AND OTHER RECEIVABLES

		Consolidated	
		2018	2017
	Notes	$	$
Current			
Trade receivables, third parties		3,954,464	3,344,264
Allow ance for expected credit losses	(v)	(417,610)	(551,730)
Net Trade receivables, third parties	(i)	3,536,854	2,792,534
Other receivables	(ii), (iii)	2,710,211	2,545,290
Total Current trade and other receivables		**6,247,065**	**5,337,824**
Non-current			
Trade receivables, associate		230,782	230,782
Allow ance for expected credit losses		(230,782)	(230,782)
Total Non-current trade and other receivables		**-**	**-**
Total trade and other receivables		**6,247,065**	**5,337,824**

Terms and conditions

Terms and conditions relating to the above financial instruments

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

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

(iii) Other receivables includes accrued R&D Tax Incentive of $2,324,467 (2017: $2,144,586) for the financial year ended 31 December 2018, which will be received upon lodgement and processing of the 2018 income tax return.

(iv) Related party details are set out in the Note 21 Related Party Disclosures.

(v) In late 2017, the company restructured its German distribution model to include the termination of commercial activities with Almedis Altmann GmbH and the termination of its General Manager for Germany. Almedis Altmann GmbH is an entity controlled by the former General Manager – Germany. As a result of these actions, the company recorded a provision for doubtful debts of $540,754 in 2017 (nil expected credit loss during the current year) relating to trade balances with Almedis Altmann GmbH.

10. INVENTORIES

	Notes	Consolidated 2018 $	Consolidated 2017 $
Current			
Raw materials at cost		1,198,130	1,128,888
Finished goods at lower of cost or net realisable value		1,614,033	1,584,721
Provision for obsolescence		(40,617)	(36,305)
Total inventory		**2,771,546**	**2,677,303**

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2018 Consolidated	Leasehold Land and buildings $	Leasehold improvements $	Plant and equipment $	Leased Plant and Equipment $	Capital Work in Progress $	Total $
1 January 2018						
at written down value	305,098	1,883,597	445,726	-	48,002	2,682,423
Additions / Transfers	-	90,910	116,573	-	71,660	279,143
Disposals / Transfers	-	-	(206)	-	(41,832)	(42,038)
Foreign exchange translation	4,798	3,845	(39,650)	-	-	(31,007)
Depreciation for the year	(10,006)	(275,757)	(134,352)	-	-	(420,115)
31 December 2018						
at written down value	**299,890**	**1,702,595**	**388,091**	**-**	**77,830**	**2,468,406**
1 January 2018						
Cost value	2,378,282	4,919,659	8,191,866	120,901	48,002	15,658,710
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	-	(8,860,163)
Accumulated depreciation	(191,224)	(427,150)	(3,376,849)	(120,901)	-	(4,116,124)
Net carrying amount	**305,098**	**1,883,597**	**445,726**	**-**	**48,002**	**2,682,423**
31 December 2018						
Cost value	2,383,603	5,010,569	8,295,535	120,901	77,830	15,888,438
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	-	(8,860,163)
Accumulated depreciation	(201,753)	(699,062)	(3,538,153)	(120,901)	-	(4,559,869)
Net carrying amount	**299,890**	**1,702,595**	**388,091**	**-**	**77,830**	**2,468,406**

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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended 31 December 2017 Consolidated	Leasehold Land and buildings $	Leasehold improvements $	Plant and equipment $	Leased Plant and Equipment $	Capital Work in Progress $	Total $
1 January 2017						
at written down value	338,901	1,709,611	292,143	-	-	2,340,655
Additions / Transfers	-	174,680	409,082	-	48,002	631,764
Disposals / Transfers	-	-	(2)	-	-	(2)
Foreign exchange translation	(24,463)	-	33,802	-	-	9,339
Depreciation for the year	(9,340)	(694)	(289,299)	-	-	(299,333)
31 December 2017						
at written down value	**305,098**	**1,883,597**	**445,726**	**-**	**48,002**	**2,682,423**
1 January 2017						
Cost value	2,400,108	4,744,979	7,785,879	120,901	-	15,051,867
Impairment - Molecular Imaging	(1,881,960)	(2,608,912)	(4,369,291)	-	-	(8,860,163)
Accumulated depreciation	(179,247)	(426,456)	(3,124,445)	(120,901)	-	(3,851,049)
Net carrying amount	**338,901**	**1,709,611**	**292,143**	**-**	**-**	**2,340,655**
31 December 2017						
Cost value	2,378,282	4,919,659	8,191,866	120,901	48,002	15,658,710
Impairment - Molecular Imaging	(1,881,960)	(2,608,912)	(4,369,291)	-	-	(8,860,163)
Accumulated depreciation	(191,224)	(427,150)	(3,376,849)	(120,901)	-	(4,116,124)
Net carrying amount	**305,098**	**1,883,597**	**445,726**	**-**	**48,002**	**2,682,423**

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

Fair Value Measurement

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

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

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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques

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

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

The Cyclopharm Board decided to cease commercial production at its Cyclotron facility at the end of April 2014 due to the impact on the Group's profits of the government-owned competition. In making that decision, the Board valued the Cyclotron facility, comprised of buildings, leasehold improvements and plant and equipment at a fair value of nil, using the market approach and income approach techniques. The market technique predominantly used recent observable market data for similar new equipment in Australia, adjusted for loss in value caused by physical deterioration, functional obsolescence, economic obsolescence and the industry specific aspects affecting this highly specialised asset i.e. the government-owned competition which had rendered further participation in the molecular imaging industry uneconomic and its future use uncertain. The same industry specific factors were applied to the income approach technique. Both techniques resulted in a fair value of nil being recognised for the Cyclotron facility as at 31 December 2014. Cyclopharm considers that the same conditions still apply at 31 December 2018. Furthermore, the damage caused to the Cyclotron facility in June 2014 has delayed any final decisions about the future use of the Cyclotron facility until its restoration 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 2018.

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 2018 $	Level 2 2017 $
Buildings	-	-
Plant and equipment	-	-
Leasehold improvements	-	-
Total non-financial assets recognised at fair value	-	-

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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		Consolidated	
		2018	2017
Equity accounted investments	**Notes**	**$**	**$**
Associated companies	(a)	-	-

Name	**Principal Activities**	**Principal place of business**	**Measurement Method**	**Ownership Interest**	
				2018	**2017**
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 w hich provides synergies tow ards the provision of a fully aligned and integrated diagnostic, therapeutic and research platform.

		Consolidated	
		2018	2017
Extract from the associate's statement of financial position:	**Notes**	**$**	**$**
Current Assets		1,667,541	1,086,606
Non-current Assets		9,622,837	12,006,519
Current Liabilities		(14,671,387)	(12,166,215)
Non-current Liabilities		(8,733,080)	(10,365,250)
Net Liabilities		(12,114,089)	(9,438,340)
Share of associate's Net Liabilities	(a)	(2,422,818)	(1,887,668)

		Consolidated	
		2018	2017
Extract from the associate's statement of comprehensive income:	**Notes**	**$**	**$**
Revenue		14,650,032	13,661,612
Net Loss	(a)	(2,589,397)	(1,969,568)

(a) The share of the associate's loss not recognised during the year was $517,879 (2017: loss of $393,914) and the cumulative share of the associate's loss not recognised as at 31 December 2018 was $3,451,842 (31 December 2017: $2,933,963). 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 2018 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 (2017: $nil).

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

Contingent liabilities

(b) 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 $2,838,442 (2017: $2,393,465). 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.

13. INTANGIBLE ASSETS

Consolidated	Intellectual Property $	Goodwill on consolidation* $	Licences $	Technegas Development $	Target $	Ultralute $	Total $
Balance at							
1 January 2018	54,164	400,437	-	427,015	27,419	1,857,995	2,767,030
Additions	15,394	865,273	425,278	296,083	-	291,401	1,893,429
Transfers	-	(400,437)	400,437	-	-	-	-
Amortisation	(15,046)	-	(75,069)	-	-	-	(90,115)
Balance at							
31 December 2018	**54,512**	**865,273**	**750,646**	**723,098**	**27,419**	**2,149,396**	**4,570,344**
31 December 2018							
Non-Current	54,512	865,273	750,646	723,098	27,419	2,149,396	4,570,344
Total	**54,512**	**865,273**	**750,646**	**723,098**	**27,419**	**2,149,396**	**4,570,344**
31 December 2017							
Non-Current	54,164	400,437	-	427,015	27,419	1,857,995	2,767,030
Total	**54,164**	**400,437**	**-**	**427,015**	**27,419**	**1,857,995**	**2,767,030**

* Goodwill on consolidation arising upon the acquisition of Inter Commerce Medical bvba on 1 October 2017 and Medicall Analys AB on 1 May 2018. Refer to Note 26 for further details.

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

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

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

(b) The discount factor used was 25.00% in 2018 (2017: 15.20%).

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

14. TRADE AND OTHER PAYABLES

	Notes	Consolidated 2018 $	Consolidated 2017 $
Current			
Trade payables, third parties	(i)	2,366,062	1,561,789
Other payables and accruals	(ii)	1,233,403	1,044,805
Total current trade and other payables		**3,599,465**	**2,606,594**
Non-current			
Other payables and accruals		336,864	154,727
Total Non-current trade and other payables		**336,864**	**154,727**
Total trade and other payables		**3,936,329**	**2,761,321**

Terms and conditions

Terms and conditions relating to the above financial instruments:

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

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

(iii) Related party details are set out in the Note 21 Related Party Disclosures.

15. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated 2018 $	Consolidated 2017 $
Current		
Lease liabilty - secured	61,592	20,204
Bank loan - secured (b)	58,985	67,332
Interest bearing loans and borrowings (current)	**120,577**	**87,536**
Non-current		
Lease liabilty - secured	-	81,719
Bank loan - secured (b)	-	5,611
Interest bearing loans and borrowings (non-current)	**-**	**87,330**
Total interest bearing loans and borrowings	**120,577**	**174,866**

15. INTEREST BEARING LOANS AND BORROWINGS (continued)

(a) Financing facilities available:

		Consolidated	
		2018	2017
	Notes	$	$
Total facilities available:			
- secured bank loans, third party		120,577	174,866
		120,577	**174,866**
Facilities used at reporting date:			
- secured bank loans, third party	15	120,577	174,866
		120,577	**174,866**
Total facilities		120,577	174,866
Facilities used at reporting date:		(120,577)	(174,866)
Facilities unused at reporting date:		**-**	**-**

(b) Secured Bank Loans

Cyclopharm's wholly owned subsidiary, Inter Commerce Medical bvba ("ICM"), has a loan provided by Bank Nagelmackers nv which will be fully repaid by January 2019. The facility is secured by bank deposits held by the vendor of ICM.

16. PROVISIONS

	Consolidated		
	Employee Entitlements	Make good	Total
Consolidated	$	$	$
Balance at 1 January 2018	**956,611**	**200,000**	**1,156,611**
Arising during the year	83,866	86,347	170,213
Utilised	(170,698)	-	(170,698)
Balance at 31 December 2018	**869,779**	**286,347**	**1,156,126**
31 December 2018			
Current	855,517	-	855,517
Non-Current	14,262	286,347	300,609
Total	**869,779**	**286,347**	**1,156,126**
Number of employees			
Number of employees at year end	32		
31 December 2017			
Current	944,276	-	944,276
Non-Current	12,335	200,000	212,335
Total	**956,611**	**200,000**	**1,156,611**
Number of employees			
Number of employees at year end	27		

17. DEFERRED INCOME LIABILITIES

	Consolidated	
	2018	2017
	$	$
Deferred income liabilities	**663,559**	**461,443**

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

Notes
Continued

18. CONTRIBUTED EQUITY

		Consolidated			
		2018	2017	2018	2017
	Notes	Number	Number	$	$
Issued and paid up capital					
Ordinary shares	(a)	68,698,873	68,254,316	27,238,193	26,884,885
Other contributed equity	(b)	-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**68,698,873**	**68,254,316**	**21,905,035**	**21,551,727**
(a) Ordinary shares					
Balance at the beginning of the period		68,254,316	59,726,733	26,884,885	20,296,125
Issue of Long Term Incentive Plan shares	(i)	500,000	225,000	-	-
Issue of non-renounceable entitlement shares	(ii)	-	8,684,768	-	6,588,760
Cancellation of expired Long Term Incentive Plan shares	(iii)	(55,443)	(382,185)	-	-
Settlement of loan for Long Term Incentive Plan shares	(iv)	-	-	353,308	-
Balance at end of period		**68,698,873**	**68,254,316**	**27,238,193**	**26,884,885**
(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) 500,000 LTIP shares were issued on 2 July 2018 and 225,000 LTIP shares were issued on 19 April 2017 as set out in Note 24.
(ii) On 30 June 2017, the Company completed a capital raising exercise comprising a pro-rata non-renounceable entitlement offer to eligible shareholders of 1 share for every 6.8 shares held by eligible shareholders at an issue price of $0.80 per new share, resulting in the issue of 8,684,768 shares.
(iii) 55,443 expired LTIP shares were cancelled on 8 October 2018 and 382,185 expired LTIP shares were cancelled on 8 September 2017.
(iv) Proceeds from settlement of loan to acquire LTIP shares.

18. CONTRIBUTED EQUITY (continued)

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

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

Management monitors capital through the gearing ratio (net debt/total capital). Management aims to ensure that the Group's gearing ratio does not exceed 45%. There are no banking covenants as at 31 December 2018.

		Consolidated	
		2018	2017
	Notes	$	$
Total interest bearing loans and borrowings		120,577	174,866
Less: cash and cash equivalents	8	(5,854,959)	(8,689,676)
Net cash		**(5,734,382)**	**(8,514,810)**
Total equity		17,015,969	17,249,392
Gearing ratio		0.7%	1.0%

Dividends

During the current financial year, the Directors declared an unfranked interim dividend of 0.5 cent per share in respect of the financial year ended 31 December 2018 and an unfranked final dividend of 0.5 cent per share in respect of the financial year ended 31 December 2017. During the 2017 financial year, the Directors declared an unfranked interim dividend of 0.5 cent per share in respect of the financial year ended 31 December 2017 and an unfranked final dividend of 0.5 cent per share in respect of the financial year ended 31 December 2016.

The final unfranked dividend of 0.5 cent per share has not been recognised in these consolidated financial statements as it was declared subsequent to 31 December 2018.

	Consolidated			
	2018	2017	2018	2017
	Cents per share	Cents per share	$	$
Fully paid ordinary shares				
Final dividend in respect of the previous financial year				
- No franking credits attached	0.50	0.5	321,653	278,309
Interim dividend in respect of the current financial year				
- No franking credits attached	0.50	0.50	329,819	321,813
	1.00	**1.00**	**651,472**	**600,122**

19. FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

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

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

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

(a) Interest rate risk

As the Group has moved into a low debt, strong cash position, the main interest rate risk is now in cash assets exposure.

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

At 31 December 2018, 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	
	2018	**2017**
	$	**$**
Judgements of reasonably possible movements:		
(Loss) / Profit before income tax		
+1.0% (100 basis points)	57,960	86,167
-0.5% (50 basis points)	(28,980)	(43,084)

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

19. 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 2018		Weighted average interest rate %	Non interest bearing	Floating interest rate	Fixed interest maturing in		Total
					1 year or less	1 to 5 years	
			$	$	$	$	$
FINANCIAL ASSETS							
Cash and cash equivalents	8	2.20%	-	5,854,959	-	-	5,854,959
Trade and other receivables	9	n/a	6,247,065	-	-	-	6,247,065
Total financial assets			**6,247,065**	**5,854,959**	**-**	**-**	**12,102,024**
FINANCIAL LIABILITIES							
Trade payables, third parties	14	n/a	3,936,329	-	-	-	3,936,329
Leases, third party	15	0.50%	-	-	61,592	-	61,592
Secured bank loans, third party	15	4.30%	-	-	58,985	-	58,985
Total financial liabilities			**3,936,329**	**-**	**120,577**	**-**	**4,056,906**
Net exposure			**2,310,736**	**5,854,959**	**(120,577)**	**-**	**8,045,118**

Consolidated Year ended 31 December 2017		Weighted average interest rate %	Non interest bearing	Floating interest rate	Fixed interest maturing in		Total
					1 year or less	1 to 5 years	
			$	$	$	$	$
FINANCIAL ASSETS							
Cash and cash equivalents	8	2.35%	-	8,689,676	-	-	8,689,676
Trade and other receivables	9	n/a	5,337,824	-	-	-	5,337,824
Total financial assets			**5,337,824**	**8,689,676**	**-**	**-**	**14,027,500**
FINANCIAL LIABILITIES							
Trade payables, third parties	14	n/a	2,761,321	-	-	-	2,761,321
Leases, third party	15	0.50%	-	-	20,204	81,719	101,923
Secured bank loans, third party	15	4.30%	-	-	67,332	5,611	72,943
Total financial liabilities			**2,761,321**	**-**	**87,536**	**87,330**	**2,936,187**
Net exposure			**2,576,503**	**8,689,676**	**(87,536)**	**(87,330)**	**11,091,313**

19. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(b) Credit risk

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

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

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

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

(c) Liquidity risk

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

The Group's policy is to monitor the maturity of borrowings at all times. At 31 December 2018, 100% (2017: 49%) of the Group's debt is due to mature in less than one year.

Refer to the table above with the heading 19 (a) Interest Rate Risk, which reflects all contractually fixed pay-offs for settlement of financial liabilities and collection of financial assets. Trade payables and other financial liabilities generally originate from the financing of assets used in our ongoing operations such as investments in working capital e.g. inventories and trade receivables and investment in property, plant and equipment. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Board and management monitor the Group's expected settlement of financial assets and liabilities on an ongoing basis.

The Group monitors the rolling forecast of liquidity reserves based on expected cash flow. At balance date the Group has no unused credit facilities (2017: $nil).

Consolidated **Year ended**		**Less than 6 months**	**6 months to 1 year**	**1 year to 5 years**	**Greater than 5 years**	**Total**
31 December 2018	**Note**	**$**	**$**	**$**	**$**	**$**
Trade payables, third parties	14	3,262,601	336,864	336,864	-	3,936,329
Leases, third party	15	30,796	30,796	-	-	61,592
Secured bank loans, third party	15	29,493	29,492	-	-	58,985
		3,322,890	397,152	336,864	-	4,056,906
31 December 2017						
Trade payables, third parties	14	2,451,867	154,727	154,727	-	2,761,321
Leases, third party	15	10,102	10,102	81,719	-	101,923
Secured bank loans, third party	15	33,666	33,666	5,611	-	72,943
		2,495,635	198,495	242,057	-	2,936,187

(d) Commodity price risk

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk

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

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 78% (2017: 77%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst approximately 60% (2017: 57%) of costs are denominated in the unit's functional currency.

At 31 December 2018, the Group had the following financial instrument exposure to foreign currency fluctuations:

	Consolidated	
	2018	2017
	$	$
United States dollars		
Amounts payable	356,961	116,347
Amounts receivable	19,339	6,797
Euros		
Amounts payable	303,270	180,577
Amounts receivable	2,156,252	2,109,462
Canadian dollars		
Amounts payable	10,596	44,819
Amounts receivable	301,079	456,204
Swedish Kroners		
Amounts payable	80,411	-
Amounts receivable	571,480	-
Japanese Yen		
Amounts payable	13,821	11,467
Amounts receivable	1,657	3,463
Chinese Renminbi		
Amounts payable	-	80,584
Amounts receivable	-	-
Net exposure	**(1,793,679)**	**(2,142,132)**

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk (continued)

Forward Exchange Contracts

The Company is party to a foreign exchange forward contract which was taken out as protection against possible future falls in the value of the Australian dollar against the US Dollar. The fair value of the contract as at 31 December has been measured and following which, there was found to be no requirement to make any fair value adjustment to the Statement of Comprehensive Income. The Company's hedging activities have been assessed under AASB 139 and do not meet the criteria under which hedge accounting is required to be done by that standard.

Fair values

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

Foreign currency sensitivity

Currency risk is measured using sensitivity analysis. A portion of Cyclopharm's receivables and payables are exposed to movements in the values of those currencies relative to the Australian dollar. Cyclopharm management have entered a hedge for US Dollar (USD) movement in estimated costs to complete the USFDA trials and have determined that it is not cost effective to hedge against other foreign currency fluctuations.

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk (continued)

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

	Consolidated	
	Increase in AUD of 10%	Decrease in AUD of 10%
	$	$
Euro		
31 December 2018		
Net (loss) / profit	(168,453)	185,298
Equity (decrease) / increase	(168,453)	185,298
31 December 2017		
Net (loss) / profit	(169,157)	186,073
Equity (decrease) / increase	(169,157)	186,073
CAD		
31 December 2018		
Net (loss) / profit	(26,408)	29,048
Equity (decrease) / increase	(26,408)	29,048
31 December 2017		
Net (loss) / profit	(37,399)	41,139
Equity (decrease) / increase	(37,399)	41,139
USD		
31 December 2018		
Net profit / (loss)	30,693	(33,762)
Equity increase / (decrease)	30,693	(33,762)
31 December 2017		
Net (loss) / profit	9,959	(10,955)
Equity (decrease) / increase	9,959	(10,955)
SEK		
31 December 2018		
Net profit / (loss)	(44,643)	49,107
Equity increase / (decrease)	(44,643)	49,107
31 December 2017		
Net (loss) / profit	-	-
Equity (decrease) / increase	-	-

20. COMMITMENTS & CONTINGENCIES

(a) Operating lease commitments

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

	Consolidated	
	2018	2017
	$	$
Operating Lease Commitments		
Minimum lease payments		
Due not later than one year	655,447	679,346
Due later than 1 year & not later than 5 years	1,597,798	1,889,463
More than 5 years	755,188	1,117,678
Total operating lease commitments	**3,008,433**	**3,686,487**
Operating lease expenses recognised as an expense during the year	718,351	755,447

- Cyclomedica Australia Pty Ltd.'s ("CMAPL") has entered into a commercial lease on office and manufacturing space at Kingsgrove, New South Wales, for 5 years with renewal options included in the contract. During the current financial year, the landlord has extended the lease from 5 years to 10 years with renewal options. The lease term extension is reflected in the lease commitments disclosed above.
- CycloPet Pty Ltd has entered 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.
- Cyclomedica Canada Limited has entered a commercial lease for office space in Ontario, Canada. The lease has a term of 2 years.
- The Group also has entered commercial leases on motor vehicles that have an average life of approximately 3 to 4 years.

(b) Finance lease commitments

	Consolidated	
	2018	2017
	$	$
Finance Lease Commitments		
Minimum lease payments		
Due not later than one year	61,592	20,204
Due later than 1 year & not later than 5 years	-	81,719
More than 5 years	-	-
Total finance lease commitments	**61,592**	**101,923**

20. COMMITMENTS & CONTINGENCIES (continued)

(c) Capital commitments

There were no capital commitments as at the date of this report (2017: $nil).

(d) Contingent liabilities

(i) 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 $2,838,442 (2017: $2,393,465). 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.

21. RELATED PARTY DISCLOSURES

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

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to Note 9 Trade and Other Receivables, Note 14 Trade and Other Payables and Note 15 Interest Bearing Loans and Borrowings):

CONSOLIDATED		Sales to related parties $	Purchases from related parties $	Amounts owed by/ (to) related parties $	Provision for doubtful debts on Amounts owed by related parties $
Cell Structures Pty Ltd	*2018*	-	51,000	(28,050)	-
	2017	-	43,380	(27,500)	-
Macquarie Medical Imaging	*2018*	-	-	230,782	230,782
	2017	-	-	230,782	230,782
Almedis Altmann GmbH	*2018*	-	-	-	-
	2017	1,096,875	-	530,754	540,754

21. RELATED PARTY DISCLOSURES (continued)

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 $51,000 (2017: $43,380) were made to Cell Structures Pty Ltd (an entity controlled by Director, Mr. Tom McDonald). All payments relate to Mr. McDonald's role as a non-executive director including consultancy services provided by him.
- 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. As the trade debtor balance of $230,782 (2017: $230,782) is not expected to be repaid in the short term, it is included as an interest in the associate and a share of the associate's losses has been recognised under the equity method in the 2014 financial year. Refer to Note 12 for details of the investment in the associate.
- During the previous year, sales amounting to $1,096,875 were made to Almedis Altmann GmBH (an entity controlled by the former General Manager – Germany). In late 2017, the company restructured its German distribution model to include the termination of commercial activities with Almedis Altmann GmbH and the termination of its General Manager for Germany. As a result of these actions, the company recorded a provision for doubtful debts of $540,754 as at 31 December 2017 relating to trade balances with Almedis Altmann GmbH.

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

21. RELATED PARTY DISCLOSURES (continued)

Controlled Entities

Name	Note	Country of Incorporation	Percentage of equity interest held	
			2018	2017
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%
Inter Commerce Medical bvba	4	Belgium	100%	100%
Medicall Analys AB	5	Sweden	100%	-
Cyclomedica Germany GmbH	6	Germany	100%	100%
Cyclomedica Canada Limited	7	Canada	100%	100%

Notes

1. Cyclopharm Limited is the ultimate parent entity in the wholly owned group.
2. Audited by Nexia Sydney Audit Pty Ltd, Australia.
3. Audited by Andrew P.Quinn & Associates Limited, Republic of Ireland.
4. Audited by HLB Dodemont - Van Impe, Belgium, acquired on 1 October 2017.
5. Audited by Nexia Revision, Stockholm, Sweden, acquired on 1 May 2018.
6. Audited by Bilanzia GmbH Wirtschaftsprufungsgesellschaft, Germany.
7. Audited by Schwartz Levitsky & Feldman LLP, Toronto, Canada.

22. EVENTS AFTER THE BALANCE DATE

FINAL DIVIDEND

On 27 February 2019, the Directors declared a final unfranked dividend of 0.5 cent per share in respect of the financial year ended 31 December 2018, payable on 15 April 2019.

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

23. AUDITORS' REMUNERATION

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

	Consolidated	
	2018	**2017**
	$	**$**
Amounts received or due and receivable by the auditor of the parent entity and associated entities for:		
Audit and review of the financial statements	140,052	102,000
Other services:		
- tax compliance	10,901	3,112
- share registry	28,618	25,382
	179,571	**130,494**
Amounts received or due and receivable by other audit firms for:		
Audit of the financial statements of controlled entities	108,501	84,341
Other services	66,440	38,933
	174,941	**123,274**

24. 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	
	2018	**2017**
	$	**$**
Expense arising from equity-settled share-based payment transactions (note 5)	37,967	21,416

The share-based payment reserve at 31 December 2018 was $663,005 (2017: $625,038).

24. SHARE BASED PAYMENT PLANS (continued)

(b) Type of share-based payment plans

The share-based payment plan is described below. There have not been any modifications to the Long-Term Incentive Plan ("Plan") following its approval by members at the Annual General Meeting held on 8 May 2007 other than an amendment to allow allotment or transfer of Plan shares to an entity wholly owned and controlled by the participant. The amendment was approved by members at the Annual General Meeting held on 26 May 2015. An updated Plan was approved by members at the Annual General Meeting held on 29 May 2018.

Shares

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

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

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

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

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

LTIP Shares issued

At the Annual General Meeting held on 8 May 2007, Shareholders approved the Company's Plan with an updated Plan approved by Shareholders on 29 May 2018.

Implied Options

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

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

24. SHARE BASED PAYMENT PLANS (continued)

(c) Summary of Implied Options granted

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

		Consolidated 2018 Number	Consolidated 2017 Number	Weighted Average Exercise Price 2018 $	Weighted Average Exercise Price 2017 $
Balance at the beginning of the year		363,000	2,341,590	1.01	0.92
Granted during the year		500,000	225,000	1.55	0.90
Vested but unexercised during the year	(i)	(138,000)	(1,821,405)	1.20	0.90
Lapsed during the year		-	(382,185)	-	0.90
Balance at the end of the year		**725,000**	**363,000**	**1.35**	**1.01**
Vested but unexercised at the end of the year	(i)	1,923,962	3,544,861		

(i) 138,000 LTIP shares (2017: 1,821,405) issued to several group executives vested during the year. These executives elected to extend the exercise period for up to 5 years under limited security financial assistance arrangements offered by the Company, in accordance with the Plan terms.

(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 $1.35 (2017: $1.01). The weighted average remaining contractual life for the Implied Options outstanding as at 31 December 2018 is 2.13 years (2017: 1.64 years). The weighted average fair value of Implied Options granted during the year was $0.153 (2017: $0.196).

(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**	**$1.55**
Number of recipients	1	1
Number of Implied Options	225,000	500,000
Grant Date	19/04/2017	2/07/2018
Dividend yield	-	-
Expected annual volatility	44%	41%
Risk-free interest rate	1.80%	2.09%
Expected life of Implied Option (years)	3 years	3 years
Fair value per Implied Option	$0.196	$0.153
Share price at grant date	$0.76	$0.99
Model used	Black Scholes	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.

25. PARENT ENTITY DISCLOSURE

	2018	2017
	$	$
(i) **Financial Position**		
Assets		
Current Assets	6,205,679	8,599,453
Non-current Assets	14,689,676	11,752,166
Total Assets	**20,895,355**	**20,351,619**
Liabilities		
Current Liabilities	560,499	1,503,270
Non-current Liabilities	8,856,700	8,654,583
Total Liabilities	**9,417,199**	**10,157,853**
Net assets	**11,478,156**	**10,193,766**
Equity		
Contributed equity	22,105,568	21,752,259
Employee equity benefits reserve	663,005	625,038
Accumulated Losses	(11,290,417)	(12,183,531)
Total Equity	**11,478,156**	**10,193,766**
(ii) **Financial Performance**		
Loss for the year	1,544,586	(565,207)
Other comprehensive income	-	-
Total Loss for the year	**1,544,586**	**(565,207)**

26. BUSINESS COMBINATIONS

Acquisition of Medicall Analys AB

On 1 May 2018, the Group acquired via a Share Sale Agreement 100% of the ordinary shares of Medicall Analys AB ("MA"), a Swedish private company. MA and its subsidiaries specialise in the sales and marketing support of medical supplies in Sweden including the distribution of nuclear medicine imaging products. MA is the distributor for Technegas products in the Sweden, Norway and Finland markets and its purchase is expected to provide supply chain synergies to the Group.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of MA for the period between 1 May 2018 and 31 December 2018.

The fair values of identifiable assets and liabilities of MA at the date of acquisition were:

	Fair value recognised on acquisition
	$
Assets	
Investments	154
Cash and cash equivalents	86,830
Inventories	76,372
Debtors	162,279
Other receivables and prepayments	35,300
Licences (fair valued at acquisition date)	425,278
Total Assets	**786,213**
Liabilities	
Trade and other payables	193,783
Borrowings	14,500
Provisions and other liabilities	81,269
Total liabilities	**289,552**
Total identifiable net assets at fair value	496,661
Goodwill arising on acquisition	865,273
Purchase consideration transferred/transferable (i)	**1,361,934**

	$
Net cash acquired with the subsidiary (included in cash flows from investing activities)	86,830
Cash paid	(680,967)
Net cash inflow	**(594,137)**

The fair value of trade and other receivables at acquisition date amounts to $197,579.

26. BUSINESS COMBINATIONS (continued)

(i) The purchase consideration of $1,361,934 included SEK 4,423,221 future consideration payable in cash. The future consideration is payable in 2 tranches being SEK 2,211,611 each on the first and second post completion dates.

From the date of acquisition to the end of the financial year, MA contributed revenue of $808,822 and a net profit after tax of $307,363 to the continuing operations of the Group. If the acquisition date had been at the beginning of the reporting period, MA would have contributed revenue of $1,576,110 and a net profit after tax of $354,150 to the continuing operations of the Group.

The goodwill recognised is primarily attributed to synergies available to the new group which will enhance shareholder value through capturing agency commissions and providing control over distribution and pricing. The goodwill is not deductible for income tax purposes. Transaction costs of $4,899 have been expensed and are included in Administration expense in the Statement of Comprehensive Income and are part of operating cash flows in the statement of cash flows.

Acquisition of Inter Commerce bvba

On 1 October 2017, the Group acquired via a Share Sale Agreement 100% of the ordinary shares of Inter Commerce bvba ("ICM"), a Belgian private company which specialises in the distribution of nuclear medicine Single Photon Emission Computed Tomography ("SPECT") and Positron Emission Tomography ("PET") imaging products and products used for both diagnostic and therapeutic procedures. ICM is the agent for Technegas products in the Belgium, Netherlands and Luxembourg markets and its purchase is expected to provide supply chain synergies to the Group.

The acquisition has been accounted for using the acquisition method resulting in a goodwill at acquisition date of $400,436. At 31 December 2017, the Group disclosed that the fair values of the identifiable assets and liabilities of ICM at the acquisition were provisional. Subsequent valuation of identifiable assets and liabilities has resulted the goodwill being revised to nil and $400,436 being allocated to an intangible asset (Pharmaceutical Wholesale License).

The consolidated financial statements include the results of ICM for the financial year ended 31 December 2018 and for the period between 1 October 2017 and 31 December 2017 for the comparatives.

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