Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2017

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	No of Pages	41 incl. cover
Date	28 August 2017		
From	James McBrayer		
Subject	**Appendix 4D**		

Please see attached 30 June 2017 Half Year Report for Cyclopharm Limited (ASX - CYC).

This announcement is made pursuant to Listing Rule 4.2A.3.

For all enquiries please contact

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Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2017

1. Company details

Name of entity

CYCLOPHARM LIMITED

ABN or equivalent company reference	Half year ended ('current reporting period')	Half year ended ('previous corresponding period')
74 116 931 250	30 June 2017	30 June 2016

The information contained in this report is to be read in conjunction with Cyclopharm Limited's 2016 Annual Report and any announcements to the market by Cyclopharm Limited during the half year ended 30 June 2017 and up until the date of this Appendix 4D.

2. Results for announcement to the market

2.1 Revenues from ordinary activities	Down 6%	to	6,056,944
2.2 Loss from ordinary activities after tax attributable to members	Down 603% (loss vs prior period profit)	to	(1,427,118)
2.3 Loss for the period attributable to members	Down 603% (loss vs prior period profit)	to	(1,427,118)

2.4 Dividends	Amount per security	Franked amount per security
Final dividend proposed	Not applicable	Not applicable
Interim dividend	0.5 cents per share	0 cents per share

2.5 Record date for determining entitlements for the final dividend	4 September 2017

2. Results for announcement to the market (continued)

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

Key highlights of Cyclopharm's financial results for the half year ending 30 June 2017 included:

- Group revenue of $6,064,569 (1H2016: $6,485,605),
- Net loss after tax of $1,427,118 (1H2016: NPAT $283,614),
- Technegas Division Underlying EBITDA[1] of $0.861 million (1H2016: $1.421 million), and
- Net cash balance of $10.62 million following successful capital raising of $6.59m net of costs.

Cyclopharm's consolidated financial results were impacted by $1.58 million of costs associated with the company's trials of Technegas to achieve US Food and Drug Administration (FDA) approval to enter the US market and Technegas clinical initiatives targeting to expand the use of the product of $99,797.

The following table outlines Cyclopharm's sales, gross margin and reconciles Technegas' underlying EBITDA performance[1] on a comparative half year basis:

HALF-YEAR ENDED 30 JUNE (AMOUNTS IN $000'S)	2017	2016
CONSOLIDATED SALES	**6,057**	**6,457**
GROSS MARGIN	4,996	5,386
GROSS MARGIN % SALES	*82.5%*	*83.4%*
CONSOLIDATED EBITDA	**(1,023)**	**824**
ADD BACK:		
CPET / ULTRALUTE™ DIVISION EBITDA	242	202
OTHER NON-OPERATING EXPENSES*	59	(23)
FDA EXPENSES	1,583	418
TECHNEGAS UNDERLYING EBITDA	**861**	**1,421**

** Realised and unrealised foreign exchange gains and losses*

The Technegas division's result reflects a 7.4% increase in sales of TechnegasPlus generators offset by a 6.0% decrease in unit sales of PAS sets, related to the timing of bulk orders of PAS sets to France (200 sets vs 350 sets in prior corresponding period) and no sales of PAS sets to China. Following the Q4 2016 $1.3m Technegas seeding initiative in China, sales of PAS sets to that market are expected to resume in 2018. Excluding the French and Chinese markets, 1H2017 PAS sales volume increased 6% over the prior corresponding period.

Cyclopharm is undergoing final validation of its first commercial production batch of the Ultralute™ technology. Ultralute™ is a first in class proprietary technology developed to extend the useful life of Molybdenum-99 generators by up to 50%. Molybdenum-99 generators produce the isotope Technetium 99m, the isotope used in 85% of all nuclear medicine procedures. We are moving towards the commercial launch of the product, with material sales expected to be recorded in Europe in the second half of 2017.

Ultralute™ has generated strong international interest given its potential to bring significant cost savings and efficiencies in nuclear medicine. We are excited about the future of Ultralute™, which forms part of the platform for Cyclopharm's next stage of growth.

Cyclopharm's balance sheet strengthened during the half year, benefiting from a $6.59 million capital-raising completed on 30 June 2017. The group's net cash at the end of the period of $10.62 million, and future cashflows is sufficient to fund the company's current growth initiatives.

[1] Underlying EBITDA represent results from the Technegas Division excluding realised and unrealised foreign exchange gains and losses and FDA Expenses

OUTLOOK

Given the strong clinical support for Technegas as the functional ventilation imaging agent of choice in determining PE[2], the company believes the strong demand for Technegas will continue to grow in existing markets. Cyclopharm will maintain its program of educating referring physicians on the clinical and safety superiority of our diagnostic capabilities compared with competing technologies such as CTPA[3].

The Directors are resolute in their view that FDA approval to market Technegas into the US market provides Cyclopharm with a major opportunity to significantly expand Cyclopharm's sales and profitability.

The company looks forward to introducing Technegas to the US market following the completion of the Phase 3 clinical trial program and anticipated approval by the FDA in late 2018. It also continues to actively pursue regulatory approvals to commence sales in other promising new markets such as Russia.

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

Cyclopharm continues to focus on moving towards commercial production of the exciting Ultralute™ technology while simultaneously entering into discussions with potential commercial partners. Global industry interest in Ultralute™ is strong and growing.

The directors expect the Molecular Imaging division, which houses the Cyclotron, to again record a nominal operating loss in the second half of 2017. Operating costs of approximately $25,000 per month will be incurred while the future of the facility is being determined. The company intendeds to continue utilising the Cyclotron facility at MUH to progress research and development activities until a longer-term use for the facility is determined, which may include its sale.

As a result of simplifying the group's business strategy, Cyclopharm's business model has become more focused and its profitability and growth prospects have been greatly enhanced, as evidenced by encouraging first half underlying operating results. The company is now in a significantly stronger position to realise the potential of the highly profitable and cash-generating Technegas business in international markets and to continue the development and marketing of Ultralute™.

The directors and senior management continually review the organisation's readiness to ensure it has the appropriate level of managerial and governance expertise to deliver its strategic objectives. An example of Cyclopharm's preparedness can be seen in the new clinical expertise recently brought into the group to assist in the delivery of our growth objectives.

The company expects modest underlying sales and earnings growth in 2017 and to maintain a healthy capital position.

[2] European Association of Nuclear Medicine Guidelines for Ventilation/Perfusion Scintigraphy Part 1. Pulmonary imaging with ventilation/perfusion single photon emission tomography. Eur J Nucl Med Mol Imaging (2009) 36:1356–1370 DOI 10.1007/s00259-009-1170-5

[3] European Association of Nuclear Medicine Guidelines for Ventilation/Perfusion Scintigraphy: Part 2. Algorithms and clinical considerations for diagnosis of pulmonary emboli with V/P(SPECT) and MDCT. Eur J Nucl Med. Mol Imaging. 2009 Sep; 36(9):1528-38. doi: 10.1007/s00259-009-1169-y

3. Net tangible assets

	30 June 2017	30 June 2016
Net Tangible Assets per security	$0.22	$0.18

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

Control over entities

Name of entity (or group of entities)	Not applicable

Loss of control over entities

Name of entity (or group of entities)	Not applicable

5. Dividends

An unfranked dividend of 0.5 cents per share was paid to shareholders on 10 April 2017 for the year ended 31 December 2016. The Directors have declared an unfranked interim dividend of 0.5 cents per share to be paid on 11 September 2017.

6. Dividend reinvestment plans

Not applicable

7. Details of associates and joint venture entities

Material investment in associates and joint ventures are as follows :

	30 June 2017	30 June 2016
Macquarie Medical Imaging Pty Ltd	20%	20%

The share of the associate's loss for the period was $nil (2016: $nil).

8. For Foreign Entities, which accounting standards were used in compiling this report

International Financial Reporting Standards (IFRS)

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

The accounts have been subject to review.

Cyclopharm Limited
Half Year Report 2017

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Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

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Highlights

Cyclopharm is a recognised market leader in lung health and nuclear medicine technology.

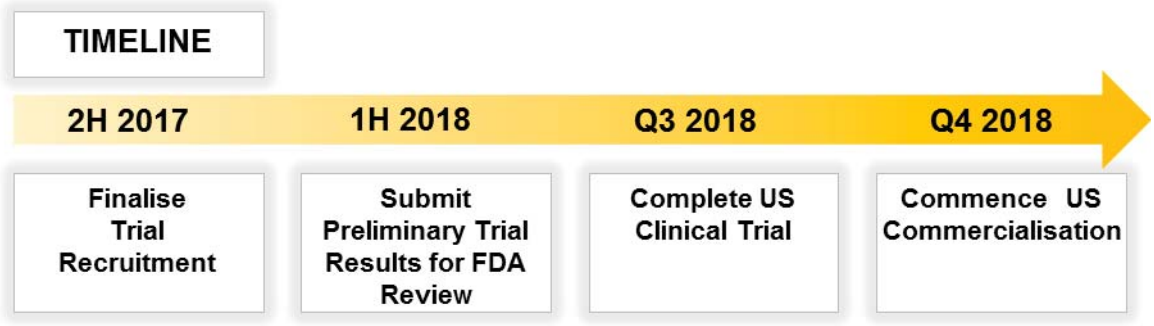
In the half year to 30 June 2017, Cyclopharm continued to successfully execute on its growth strategy of leveraging its significant intellectual property, technology and technical expertise to expand sales in to new countries, accretive applications and complementary businesses.

During the period, Cyclopharm generated revenues of $6.06 million and a net loss after tax of $1.43 million, which includes $1.58 million of pre-tax expenses associated with the Group's US Food and Drug Administration (USFDA) trial of Technegas. Cyclopharm's core Technegas Division generated underlying EBITDA[1] of approximately $861,000 on sales of $6.03 million.

The prospective approval of Technegas by the USFDA is a major business opportunity for Cyclopharm. To pursue this objective, in June 2017 the Group successfully completed a fully-underwritten entitlement offer that raised $6.59 million after costs. The offer was supported by approximately 90% of eligible shareholders (by number of shares) and was sub underwritten by Cyclopharm's largest institutional investor Australian Ethical Investments.

The proceeds of the offer significantly strengthened the Group's balance sheet, with Cyclopharm's cash reserves at the end of the half year standing at $10.62 million, up from $4.59 million at 31 December 2016. This strong financial position allows Cyclopharm to fund the company's USFDA clinical trial program.

USFDA approval will open up to Cyclopharm the USA market for Technegas, which accounts for around half of the total addressable global market. The existing USA market for nuclear medicine ventilation imaging in the USA is $90m USD attributed to 600,000 individual procedures. Cyclopharm is targeting 80% conversion around 480,000 per annum. Based on the Group's Canadian experience, Cyclopharm believes that a 50% total market conversion rate to Technegas from Xe-133 is achievable over 2 to 3 years with the balance of the target market converted within 5 -7 years.



The USFDA clinical trial process is expected to be completed in Q3 2018 with approval targeted for late 2018.

During the period, Cyclopharm continued to concentrate its resources on leveraging the full potential of its market leading technology, Technegas. Unit sales of TechnegasPlus generators grew 7.4% in the period (to 29 units), laying the foundation for ongoing growth in consumable sales. However, sales of Patient Administration Sets declined 6.0% from the prior year to 1,927 sets equalling 96,350 individual patients (1H 2016: 2,049 sets equalling 102,450 individual patients). The variation was principally driven by timing of PAS sales into a single market (200 sets in 1H 2017 compared to 350 sets in 1H 2016).

[1] Technegas Underlying Earnings after Tax excludes FDA expenses and realised and unrealised foreign exchange gains and losses

First half highlights continued

Over the full year, Cyclopharm expects consumable volume sales to grow and the Group's total underlying sales[2] of Technegas Generators and PAS to exceed that of the prior year.

Strength in R&D and a highly positive global reputation in nuclear medicine are key assets in advancing the business strategy. During the half year, Cyclopharm continued its activities in introducing Ultralute™ to the world market, and continues to expect to record its first commercial sales of Ultralute™ in the second half of 2017. Ultralute is a proprietary technology that extends the useful life of Molybdenum-99 (Mo-99) generators by up to 50%.

For the half year period, the Directors have declared an unfranked interim dividend of 0.5 cents per share which will be paid on 11 September 2017 to shareholders on the register on 4 September 2017.

A strong, growing core business in existing markets and three significant "transformational" growth opportunities well underway

During the half year Cyclopharm continued to implement its strategic priorities, which are to:

1. Grow the core business, based on expanding Technegas sales in existing markets;

2. Accelerate the path to regulatory approval to sell Technegas into the world's largest and new highly prospective US healthcare market;

3. Pursue sales of Technegas in new applications such as Chronic Obstructive Pulmonary Disease ("COPD") and Asthma which are significantly larger markets than the Pulmonary Embolism market where CYC traditionally operates; and

4. Position the Group to commence sales of our exciting Ultralute™ nuclear medicine complementary technology in the second half of 2017.

[2] Underlying Technegas Generator and PAS sales exclude the $1.3m China order recorded in 2H 2016

First half highlights continued

Half Year ended 30 June		2017	2016	Inc	% Change
Sales Revenue	$	6,056,944	6,456,714	(399,770)	(6%)
(Loss) / Profit before tax and finance costs	$	(1,157,940)	798,730	(1,956,670)	(245%)
Net (Loss) / Profit after tax	$	(1,427,118)	283,614	(1,710,732)	(603%)
(Loss) / Earnings Per Share	cents	(2.47)	0.51	(2.98)	(584%)
Technegas Division Net Profit Before Tax excluding FDA expenses and realised and unrealised forex	$	717,278	1,385,342	(668,064)	(48%)

Technegas
The Technegas business delivered consistent underlying growth during the half year. The volume of Technegas generators sold increased 7% and unit sales of PAS, excluding the French and Chinese markets, increased 6% over the prior corresponding period. Loss before tax and finance costs was $1.158 million for the half year. The loss was primarily attributable to the ramp-up in USFDA trial expenses and the change in the timing of PAS sales to France in 2017.

First peer reviewed article published from the Cyclopharm sponsored trial in China targeting the use of Technegas in Chronic Obstruction Pulmonary Disease, furthering the strategy to expand Technegas beyond the Pulmonary Embolism market.

Continue to advance the process for United States Food and Drug Administration approval of Technegas in the United States market, with USFDA approval targeted for late 2018.

Successful capital raising completed 30 June 2017 with 90% shareholder participation to fund the FDA trials.

Ultralute™
First commercial batch of Cyclopharm's new patented Ultralute™ technology under final validation, with first sales expected in second half of 2017.

Managing Director's Review

FEATURES - A consistent underlying 2017 first half

The group recorded revenue of $6,064,569 (1H2016: $6,485,605) and a net loss after tax of $1,427,118 (1H2016: NPAT $283,614) for the half year ending 30 June 2017. Volume sales of TechnegasPlus generators grew by 7.4% while unit sales of PAS sets were 6.0% lower. 200 PAS sets were sold to France in 1H2017 compared with 350 sets in the previous corresponding period. The decrease in French orders is considered to be a timing issue and is expected to rebound in the second half. In addition, due to the Q4 2016 $1.38m Technegas seeding initiative, no sales have been forecast/recorded for the Chinese market in 2017. Excluding the French and Chinese markets, 1H2017 PAS sales volume increased 6% over the prior corresponding period.

Our core Technegas Division incurred a loss before tax of $0.92 million in the First Half (1H2016: profit before tax $0.99 million). On an underlying basis, adjusting for FDA expenses and foreign exchange gains and losses, the Technegas division's EBITDA for the half year was $0.86 million.

Cyclopharm's Underlying Results[3]:

The following table outlines Cyclopharm's sales, gross margin and reconciles Technegas' underlying EBITDA performance on a comparative half year basis:

HALF-YEAR ENDED 30 JUNE (amounts in $000's)	**2017**	**2016**
Consolidated Sales	**6,057**	**6,457**
Gross margin	4,996	5,386
Gross margin % sales	*82.5%*	*83.4%*
Consolidated EBITDA	**(1,023)**	**824**
Add back:		
CPET / Ultralute[tm] division EBITDA	242	202
Other non-operating expenses*	59	(23)
FDA expenses	1,583	418
Technegas Underlying EBITDA	**861**	**1,421**

* *Realised and unrealised foreign exchange gains and losses*

Our strategy to expand the use of Technegas took two significant steps forward during the period. During the period the company finalized the collaboration agreement with the Hunter Medical Research Institute and the University of Newcastle to initiate a clinical trial using Technegas in small airways disease. The study is designed to evaluate the use of Technegas in identifying ventilation traits in patients with severe asthma as an indicator to therapeutic selection. A secondary endpoint in the Newcastle study will be to evaluate how well patients respond to therapy. Patient enrollment commenced August 2017. For more information go to: https://hmri.org.au/news-article/nuclear-imaging-clear-airway-diagnosis .

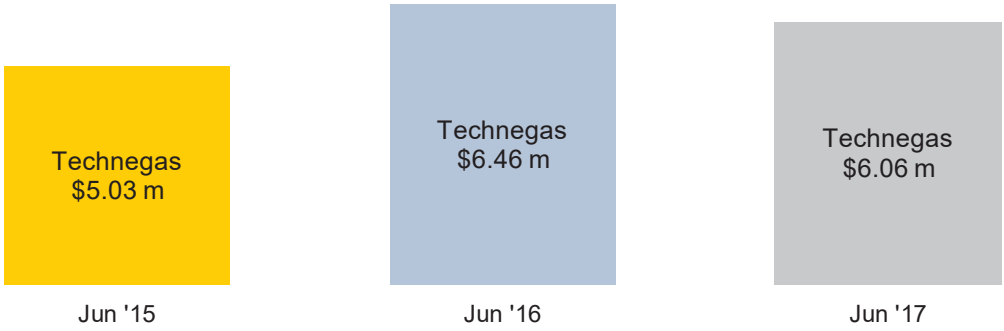
The second milestone in expanding the use of Technegas during the period occurred with the release of the first peer review article based on our China COPD trial. The article entitled "Identifying the heterogeneity of COPD by V/P SPECT: a new tool for improving the diagnosis of parenchymal defects and grading the severity of small airways disease" was published in the International Journal of COPD in May this year. The article concluded that three dimensional ventilation using Technegas along with perfusion could diagnose and grade severity of COPD, and estimate preserved lung function. Even more important, this technique appears to be a unique physiological method to reveal pulmonary comorbidities with vascular and ventilatory defects, which contribute to the heterogeneity of COPD. The characteristics of these comorbidities suggest their impact on the symptoms, treatment, and prognosis of patients.

[3] Underlying Results represent results from the Technegas Division excluding realised and unrealised foreign exchange gains and losses and FDA Expenses

Managing Director's Review
Continued

Cyclopharm is undergoing final validation of its first commercial production batch of the Ultralute™ technology. Ultralute™ is a first in class proprietary technology developed to extend the useful life of Molybdenum-99 generators by up to 50%. Molybdenum-99 generators produce the isotope Technetium 99m, the isotope used in 85% of all nuclear medicine procedures. The company is moving towards the commercial launch of the product, with material sales expected to be recorded in Europe in the second half of 2017.

Ultralute™ has generated strong international interest given its potential to bring significant cost savings and efficiencies in the delivery of pharmaceuticals used in nuclear medicine. We are excited about the future of Ultralute™, which forms part of the platform for Cyclopharm's next stage of growth.



Group Revenue

The Group continues to simplify its business to focus on the core and large transformational revenue opportunities. The Molecular Imaging operation, consisting of the Cyclotron facility located at Macquarie University Hospital, recorded a loss before tax of $242,145 (1H 2016 loss: $202,053) primarily due to rental expenses. The Group ceased its Molecular Imaging's commercial operations in 2014 but continues to utilise the Cyclotron facility at MUH to progress research and development activities until a longer-term use for the facility is determined, which may include its sale.

Cyclopharm's balance sheet strengthened during the half year, benefiting from a capital-raising exercise completed on 30 June 2017 netting $6,589,094 to fund the ongoing US FDA trials. The Group's net cash at the end of the period was $10.620 million.

Looking ahead to the full year 2017, your Directors expect the Group to:
1. Continue to advance the process for FDA approval of Technegas in the US market, commencing patient recruitment for the clinical trial program;
2. Initiate a clinical trial program targeting applications for Technegas in both the diagnosis and management of specific chronic respiratory disease states;
3. Complete the market development of Ultralute™ for commercial launch; and
4. Generate ongoing positive cash flows to support investment in growth opportunities, while maintaining dividend payments to shareholders.

Managing Director's Review
Continued

OPERATING REVIEW

Technegas

1H sales revenue from Technegas ordinary activities of $6.03 million was 7% lower than the pcp of $6.46 million. Gross profit margins, as a percentage of sales, decreased marginally from 83% to 82%.

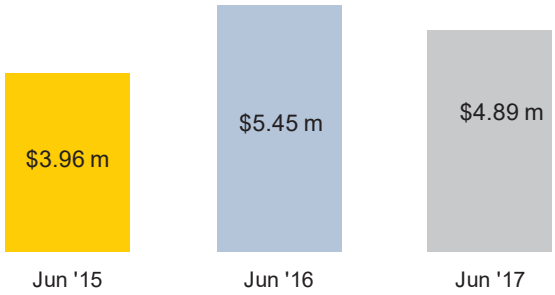
Revenue from the Technegas division's key PAS product was 10% lower at $4.89 million compared to $5.45 million for the same period in 2016.

During the period, 200 PAS sets were sold into France (2016: 350 sets) with none sold to China (2016: 72 sets). Excluding sales to France and China, PAS sales volume were 6% higher than the prior corresponding period. Revenue and gross profit margins were however impacted by a 5% unfavourable movement in the Euro.

Revenue from Technegas Generators increased by $0.14 million to $0.86 million, with sales of 29 Generators in the first half, two units more than in the same period last year.

Technegas Market Review

Technegas Generator Revenue



PAS Revenue

Europe

During the half year, 61% (1H2016: 62%) of Technegas revenues were sourced from Europe, again underscoring the region's importance. European sales revenue of $3.69 million was 8% lower than the prior corresponding period. Historically, the majority of sales in Europe occurred in the second half of the year. Generator and PAS sales to France in the half year contributed $0.91 million (1H2016: $1.19 million) to revenue.

In the current half year, Cyclopharm will pursue its objective of entering new European markets, including pursuing regulatory approvals to sell Technegas into the highly prospective Russian market.

North America

Sales revenue in Canada was slightly lower than in the same period last year at $1.02 million (1H2016: $1.08 million). Canada remains the largest Technegas market and is expected to remain so for the full year 2017. The Group views its success in Canada as a strong indicator of prospects for Technegas in the US if, as anticipated, FDA approval for US sales is obtained in 2018.

Managing Director's Review
Continued

Asia Pacific

In the Asia-Pacific region, Technegas revenues fell 5% to $1.22 million during the half year. Australian generator sales were higher than the same period last year, with 3 generators sold (1H2016: 2 generators). This was offset by lower Australian PAS sales, which decreased 7% compared to the pcp. Sales revenue in Asia fell 29% to $0.12 million (1H2016: $0.17 million).

Cyclopharm expects full year 2017 sales to Asia to be significantly lower than the previous period in the absence of 2016's sales to Cyclopharm's Chinese distributor of 50 Technegas generators. We expect this seeding initiative will provide a significant increase in PAS sales in Asia from calendar year 2018.

Approval of Technegas for sale in the US

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

In November 2016, Cyclopharm announced it had received USFDA approval for its Technegas trial design through a Special Protocol Assessment process. The approval means that the US FDA trial and approval process are on track for completion by late 2018.

The clinical trial program is designed to compare Technegas against Xe-133, the only approved nuclear medicine ventilation imaging agent in the USA. Cyclopharm is seeking a structural indication in a non-inferiority protocol including 240 patients across a number of respiratory disease states. The first phase of the trial, already submitted and reviewed by the US FDA, was a desk-top study designed to determine both the inter and intra reader variability of Xe-133 as well as determining the number of patients required for the Phase III study.

It is expected that the trial will be conducted at 10-15 clinical sites with final recruitment targeted for the second half of calendar 2017 and US FDA approval expected in the second half of next year. We remain confident that the application for market entry into the United States will ultimately be successful, due to Technegas' existing global footprint and long-standing successful safe and efficacious track record of use.

The United States represents a major growth opportunity and has the potential to become the largest single market for Technegas. The Directors are therefore determined to continue to actively pursue US FDA approval but will ensure we cautiously and prudently manage the costs of doing so.

As the US FDA approval process moves forward, the Directors advise that additional expenditure on the trials will continue to be expensed until approval is achieved. This is a prudent and conservative approach, notwithstanding the confidence of the Directors that such approval will ultimately be given.

The total cost of the US FDA trial and registration program is expected to be US$7.5 million. For the half year, these expenses totalled $1,582,807 compared to $417,509 in the pcp.

Managing Director's Review
Continued

New indication development

Cyclopharm continues to make progress in developing new indications for Technegas. Other disease states beyond PE, which include COPD, asthma, CTEPH, lung transplants and lung cancer, offer significant market opportunities for Technegas.

These are currently being targeted through clinical studies, such as the recently completed Chinese COPD trials. Preliminary results of the trials showed Technegas was effective at diagnosing the extent of emphysema in trial patients and at an earlier stage of the disease than standard diagnostic methods. Technegas was also more accurate at measuring impairment in lung function and therefore better able to monitor the effectiveness of treatment.

Cyclopharm is actively progressing opportunities to present the findings to clinicians globally, in order to encourage the usage of Technegas in not only the diagnosis and treatment monitoring of COPD but also the expansion of the traditional market of diagnosing PE

Specifically, in 2017, Cyclopharm has presented at a number of respiratory focused conferences to educate clinicians on the benefits of Technegas in the treatment and monitoring of their patients. Additionally, the Group plans to make a number of small targeted investments to partner with other researchers and organisations, with the aim of expanding the number and types of trials and published results verifying the benefits of Technegas to relevant referring physicians and clinicians.

The Cyclopharm Board believes that the global COPD alone is 30 times the size of the PE market, and together with the asthma and lung cancer markets represent significant opportunities for the Group to expand sales of Technegas materially, and that these markets have the potential to be a significant driver of shareholder value over the medium term.

Based on the success of our work in China, the Group has commenced discussions with leading respiratory and nuclear medicine physicians in some of our more established markets with a view to initiating additional pilot clinical trials targeting applications in chronic respiratory disease states.

Another initiative underway is the collaboration with the University of Newcastle, Hunter Regional Medical Institute and John Hunter Hospital.

The study will seek to test two specific hypotheses:

1. There is ventilation heterogeneity among patients with severe obstructive airway diseases that can be assessed using Technegas functional lung ventilation imaging with quantification; and
2. Technegas functional lung ventilation imaging with quantification is responsive to change following intervention in patients with severe obstructive airway diseases.

The implication in advancing these hypotheses further could expand the use of Technegas by improving the diagnosis and management of patients with Chronic Obstructive Pulmonary Disease (COPD) and other small airways diseases.

Recruitment will commence during the second half of 2017. The trial is expected to be conducted over the next 1.5 years with results expected in late 2018. The cost of the trial is estimated to be approximately $600,000. For more information go to: https://hmri.org.au/news-article/nuclear-imaging-clear-airway-diagnosis .

Managing Director's Review
Continued

ULTRALUTE™

Cyclopharm's patented nuclear medicine technology 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.

Mo-99 generators are used in diagnostic imaging to harvest Technetium-99m, or Tc-99m, which is the primary isotope used in diagnostic imaging throughout the world. This isotope accounts for approximately 80% of all nuclear medicine diagnostic imaging procedures.

Mo-99 has a half-life of around 2.75 days. It then decays to Tc-99m, which has a 6-hour half-life. As Mo-99 decays there comes a time when the amount of Tc-99m eluted from the generator is so diluted that it becomes virtually unusable.

In early 2016, the International Atomic Energy Agency (IAEA) held a scientific summit to review emerging technologies in the production and supply of Molybdenum-99 (Mo99). During the IAEA sponsored review, Cyclopharm's new technology Ultralute™ was recognised for its optimisation of the isotope Tc99m.

Following a recommendation from summit participants, the IAEA formally invited Cyclopharm to collaborate in launching a multi-country, multi-centre evaluation of Ultralute™ in 2017.

The invitation from the IAEA represents significant recognition for the technology's potential. In particular, Cyclopharm notes that in its invitation the IAEA referred to Ultralute™ as a "new innovation…that has significant global potential in the nuclear medicine supply chain".

The Group continues to fine-tune the design and tooling of the Ultralute™ technology and is moving towards commercial production. Commercial prospects for Ultralute™ are exciting and Cyclopharm is confident it provides the basis for superior shareholder returns over the longer term.

First commercial sales of Ultralute™ are expected in the second half of 2017.

MACQUARIE MEDICAL IMAGING

Steady growth has continued in patient volumes at Macquarie Medical Imaging ("MMI"), Cyclopharm's joint venture diagnostic imaging service located at Macquarie University Hospital ("MUH") in Sydney. MMI achieved a 13% increase in sales during the half year in comparison with the pcp.

MMI provides patients at MUH and neighbouring suburbs access to state-of-the-art imaging facilities including 3T MRI, CT, X-ray, Ultrasound and PET scanning.

Growth in MMI is tied closely to the hospital's strategies for both inpatient and outpatient services. Initiatives being implemented at MUH, including a new breast cancer clinic and expanded specialties such as cardiothoracic services, cancer care services, expanded PET indications and research, will assist in driving that growth.

In November 2016, MMI opened a satellite practice located at the nearby Macquarie Shopping Centre. Services at the Macquarie Shopping Centre are limited to high volume procedures to include x-ray, ultrasound and CT. Initial trading results are encouraging with the location drawing patients, shoppers, employees and the numerous businesses in the immediate business district and has been instrumental in contributing to the sales growth recorded.

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

Managing Director's Review
Continued

OUTLOOK

Given the strong clinical support for Technegas as the functional ventilation imaging agent of choice in determining PE[4], we believe the strong demand for Technegas will continue to grow in our existing markets. We will maintain our program of educating referring physicians on the clinical and safety superiority of our diagnostic capabilities compared with competing technologies such as CTPA[5].

The Directors are resolute in their view that USFDA approval to market Technegas into the US market provides Cyclopharm with a major opportunity to significantly expand Cyclopharm's sales and profitability.

We look forward to introducing Technegas to the United States market following the completion of our Phase 3 clinical trial program and anticipated approval by the USFDA in late 2018. We also continue to actively pursue regulatory approvals to commence sales in other promising new markets such as Russia.

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

Cyclopharm continues to focus on moving towards commercial production of the exciting Ultralute™ technology while simultaneously entering into discussions with potential commercial partners. Global industry interest in Ultralute™ is strong and growing. We look forward to making further announcements later this year regarding Ultralute's™ progress towards commercialisation and remain excited about the potential for it to be a major driver of the next stage of Cyclopharm's growth.

We expect the Molecular Imaging division, which houses the Cyclotron, to again record a nominal operating loss in the second half of 2017. Operating costs of approximately $25,000 per month will be incurred while the future of the facility is being determined. It is ultimately intended to continue to utilise the Cyclotron facility at MUH to progress research and development activities until a longer-term use for the facility is determined.

As a result of simplifying the Group's business strategy, Cyclopharm's business model has become more focused and our profitability and growth prospects have been greatly enhanced, as evidenced by encouraging first half underlying operating results. We are now in a significantly stronger position to realise the potential of the highly profitable and cash-generating Technegas business in international markets and to continue the development and marketing of Ultralute™.

As a team, we are continually reviewing our organisational readiness to ensure that we have the appropriate level of managerial and governance expertise to deliver on our strategic objectives. An example of our preparedness can be seen in the new clinical expertise recently brought into the Group to assist in the delivery of our growth objectives.

In summary, I expect Cyclopharm to achieve modest underlying sales and earnings growth in 2017 and to maintain a healthy capital position. I look forward to continuing to report to our shareholders as we gain momentum in realising our profitable growth objectives and delivering rewards to our investors.

James McBrayer
Managing Director

Sydney, 28 August 2017

[4] European Association of Nuclear Medicine Guidelines for Ventilation/Perfusion Scintigraphy Part 1. Pulmonary imaging with ventilation/perfusion single photon emission tomography. Eur J Nucl Med Mol Imaging (2009) 36:1356–1370 DOI 10.1007/s00259-009-1170-5

[5] European Association of Nuclear Medicine Guidelines for Ventilation/Perfusion Scintigraphy: Part 2. Algorithms and clinical considerations for diagnosis of pulmonary emboli with V/P(SPECT) and MDCT. Eur J Nucl Med. Mol Imaging. 2009 Sep; 36(9):1528-38. doi: 10.1007/s00259-009-1169-y

Directors' Report

The Directors of Cyclopharm Limited ("Cyclopharm" or "Group") submit their half yearly report together with the financial report for Cyclopharm and its controlled entities for the half year ended 30 June 2017.

DIRECTORS

The names of the company's directors in office throughout and since the end of the half year are set out below.

Mr D J Heaney	Non-Executive Chairman
Mr V R Gould	Non-Executive Director
Mr T A McDonald	Non-Executive Director (appointed on 3 April 2017)
Mr J S McBrayer	Managing Director

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Operating results for the half year

For the reporting period, the consolidated entity recorded a half year loss before tax of $1,166,872 (2016: profit before tax of $788,975) impacted by higher FDA expenses incurred of $1,582,807 (2016: $417,509). The Molecular Imaging division recorded a loss before tax of $242,145 (2016: loss before tax of $202,053).

Sales of TechnegasPlus generators grew by 20% (unit sales increased by 7%) while revenue from Patient Administration Sets ("PAS") fell by 10% (unit sales decreased by 6%) arising from the timing difference in sales of PAS to the French market with 200 PAS sets were sold to France in 2017 compared with 350 in the previous period. In addition, due to 2016's seeding initiative, no sales have been forecast to the Chinese market in 2017 (2016: $114,240 sales recorded).

Financial position

Net assets have increased from $12,461,803 as at 31 December 2016 to $17,413,425 as at 30 June 2017 predominantly due to the net increase of $6,589,094 in cash and contributed equity arising from the capital raising exercise completed on 30 June 2017, offset by the net loss after tax of $1,427,118 for the half year and dividends paid of $278,309.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Shares cancelled and issued during the half year

(i) 225,000 Long Term Incentive Plan shares were issued on 19 April 2017, and

(ii) On 30 June 2017, the Group completed a capital raising exercise comprising a pro-rata non-renounceable entitlement offer to eligible shareholders of 1 new 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.

There were no shares cancelled during the half year.

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

Directors' Report

Continued

SIGNIFICANT EVENTS AFTER BALANCE DATE

The company has been notified by the Australian Securities & Investments Commission that the voluntary deregistration of its wholly owned subsidiaries, Allrad 28 Pty Ltd and Allrad 29 Pty Ltd had been completed on 16 July 2017.

No other matters or circumstances have arisen since the end of the financial period, 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.

DIVIDEND

The Directors are pleased to declare an unfranked interim dividend of 0.5 cents per share which will be paid on 11 September 2017. The record date for the interim dividend is 4 September 2017.

The Directors intend to continue to manage the capital of the Group efficiently to maximise financial returns to shareholders. The quantum and nature of future payments to shareholders will have regard to a number of factors, including the company's financial position, projected cash flows, capital expenditure and investment, the company's franking credit balance, share price and any proceeds or capital requirements of corporate actions.

Subject to no material change in financial affairs and having regard to the above factors, the Directors anticipate that they will declare dividends for each forthcoming half year period, and that the FY2017 final dividend will be an amount equal to or greater than the 2017 interim dividend.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 follows the Directors' Report.

This report is made and signed in accordance with a resolution of the directors made pursuant to section 306(3) of the Corporations Act 2001:

James McBrayer
Managing Director & CEO

Sydney, 28 August 2017

28 August 2017

The Board of Directors
Cyclopharm Limited
Unit 4, 1 The Crescent
Kingsgrove NSW 2208

Dear Board Members

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

As lead audit director for the review of the condensed consolidated financial statements of Cyclopharm Limited for the half year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Nexia Sydney Audit Pty Ltd

Stephen Fisher
Director

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Condensed Consolidated Statement of Comprehensive Income

For the half year ended 30 June 2017

	Notes	Consolidated 30 June 2017 $	Consolidated 30 June 2016 $
CONTINUING OPERATIONS			
Sales revenue		6,056,944	6,456,714
Finance revenue		7,625	28,891
Total Revenue		**6,064,569**	**6,485,605**
Cost of materials and manufacturing		(1,122,207)	(1,147,122)
Employee benefits expense		(1,806,251)	(1,677,363)
Advertising and promotion expense		(232,041)	(134,010)
Depreciation and amortisation expense		(142,229)	(53,749)
Freight and duty expense		(197,352)	(232,125)
Research and development expenses*		(1,691,081)	(436,919)
Administration expense		(1,810,107)	(1,617,806)
Other expenses		(221,241)	(387,781)
(Loss) / Profit before tax and finance costs		**(1,157,940)**	**798,730**
Finance costs		(8,932)	(9,755)
(Loss) / Profit before income tax		**(1,166,872)**	**788,975**
Income tax		(260,246)	(505,361)
Net (loss) / profit for the period		**(1,427,118)**	**283,614**
Other comprehensive loss 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)		76,091	(836,833)
Total comprehensive loss for the year		**(1,351,027)**	**(553,219)**
(Loss) / Earnings per share (cents per share)	4	**cents**	**cents**
-basic (loss) / earnings per share for continuing operations		(2.47)	0.51
-basic (loss) / earnings per share		(2.47)	0.51
-diluted (loss) / earnings per share		(2.48)	0.48

* Included in Research and development expenses are amounts incurred on FDA expenses of $1,582,807 (2016: $417,509).

The Condensed Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the Half Year Report.

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	Consolidated 30 June 2017 $	Consolidated 31 December 2016 $
Assets			
Current Assets			
Cash and cash equivalents	5	10,619,920	4,590,760
Trade and other receivables		3,034,507	3,738,193
Inventories		2,530,468	2,633,104
Other assets		145,682	98,881
Total Current Assets		**16,330,577**	**11,060,938**
Non-current Assets			
Property, plant and equipment		2,351,117	2,340,655
Investments	6	-	-
Intangible assets		2,087,844	1,717,386
Deferred tax assets		1,123,059	1,296,015
Total Non-current Assets		**5,562,020**	**5,354,056**
Total Assets		**21,892,597**	**16,414,994**
Liabilities			
Current Liabilities			
Trade and other payables		3,012,752	2,804,632
Provisions		1,046,608	923,242
Tax liabilities		146,417	27,839
Total Current Liabilities		**4,205,777**	**3,755,713**
Non-current Liabilities			
Provisions		13,562	53,510
Deferred tax liabilities		2,410	3,855
Deferred income liabilities	7	257,423	140,113
Total Non-current Liabilities		**273,395**	**197,478**
Total Liabilities		**4,479,172**	**3,953,191**
Net Assets		**17,413,425**	**12,461,803**
Equity			
Contributed equity	8	21,552,061	14,962,967
Employee equity benefits reserve		595,486	603,622
Foreign currency translation reserve		(829,216)	(905,307)
Accumulated losses		(3,904,906)	(2,199,479)
Total Equity		**17,413,425**	**12,461,803**

The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes to the Half Year Report.

Condensed Consolidated Statement of Cash Flows

For the half year ended 30 June 2017

	Consolidated	
	30 June 2017	30 June 2016
	$	$
Operating activities		
Receipts from customers	6,713,829	7,332,028
Payments to suppliers and employees	(6,678,864)	(5,995,075)
Interest received	7,625	28,891
Borrowing costs paid	(8,932)	(9,755)
Income tax paid	(222,868)	(606,272)
Net cash flows (used in) / from operating activities	**(189,210)**	**749,817**
Investing activities		
Purchase of property, plant and equipment	(155,237)	(3,906)
Payments for deferred expenditure*	(391,128)	(248,424)
Net cash flows used in investing activities	**(546,365)**	**(252,330)**
Financing activities		
Proceeds from issue of shares	6,947,816	-
Costs of raising capital	(358,722)	-
Dividends paid	(278,309)	(278,194)
Repayment of bank borrowings	-	(197,376)
Net cash flows from / (used in) financing activities	**6,310,785**	**(475,570)**
Net increase in cash and cash equivalents	**5,575,210**	**21,917**
Cash and cash equivalents		
at beginning of the period	**4,590,760**	**6,444,995**
net foreign exchange differences from translation	453,950	349,075
at end of the period	**10,619,920**	**6,815,987**

* Included in payments for deferred expenditure are amounts incurred on Ultralute $224,804 (2016: $196,090) and the development of the next generation of the Technegas generator $146,032 (2016: $35,963).

The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes to the Half Year Report.

Condensed Consolidated Statement of Changes in Equity

For the half year ended 30 June 2017

Consolidated	Contributed Equity $	Other Contributed Equity $	Total Contributed Equity $	Retained Profits / (Accumulated Losses) $	Foreign Currency Translation Reserve $	Employee Equity Benefits Reserve $	Total $
Balance at 1 January 2016	**20,296,125**	**(5,333,158)**	**14,962,967**	**(2,534,229)**	**177,660**	**495,845**	**13,102,243**
Profit for the half year	-	-	-	283,614	-	-	283,614
Other comprehensive loss	-	-	-	-	(836,833)	-	(836,833)
Total comprehensive profit/(loss) for the half year	**-**	**-**	**-**	**283,614**	**(836,833)**	**-**	**(553,219)**
Dividends paid	-	-	-	(278,193)	-	-	(278,193)
Cost of share based payments	-	-	-	-	-	45,174	45,174
Total transactions with owners and other transfers	**-**	**-**	**-**	**(278,193)**	**-**	**45,174**	**(233,019)**
Balance at 30 June 2016	**20,296,125**	**(5,333,158)**	**14,962,967**	**(2,528,808)**	**(659,173)**	**541,019**	**12,316,005**
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 half year	-	-	-	(1,427,118)	-	-	(1,427,118)
Other comprehensive income	-	-	-	-	76,091	-	76,091
Total comprehensive loss for the half year	**-**	**-**	**-**	**(1,427,118)**	**76,091**	**-**	**(1,351,027)**
Issue of non-renounceable entitlement offer shares	6,947,816	-	6,947,816	-	-	-	6,947,816
Cost of raising capital	(358,722)	-	(358,722)	-	-	-	(358,722)
Dividends paid	-	-	-	(278,309)	-	-	(278,309)
Cost of share based payments	-	-	-	-	-	(8,136)	(8,136)
Total transactions with owners and other transfers	**6,589,094**	**-**	**6,589,094**	**(278,309)**	**-**	**(8,136)**	**6,302,649**
Balance at 30 June 2017	**26,885,219**	**(5,333,158)**	**21,552,061**	**(3,904,906)**	**(829,216)**	**595,486**	**17,413,425**

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the Half Year Report.

1. CORPORATE INFORMATION

The half year financial report of Cyclopharm Limited for the half year ended 30 June 2017 was authorised for issue with a resolution of the directors as of the date of this half year report.

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

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These general purpose condensed consolidated interim financial statements for the half-year reporting period ended 30 June 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard *AASB 134 Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Cyclopharm Limited and its controlled entities (referred to as the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016, together with any public announcements made during the following half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The half-yearly condensed consolidated financial statements have been prepared on a historical cost basis.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the December 2016 annual report.

New and Amended Accounting Standards and Interpretations adopted by the Group

The Group adopted the following Australian Accounting Standards (new and amended) from the mandatory application date of 1 January 2017. The new and amended Standards are not expected to have a significant impact on the Group's financial statements.

AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112] (Applicable to annual reporting periods beginning on or after 1 January 2017)

This Standard amends AASB 112 Income Taxes to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (Applicable to annual reporting periods beginning on or after 1 January 2017)

This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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 2018:

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 2018 by AASB 2015-10. These amended Standards are not expected to have a significant impact on the Group's financial statements.

AASB 9: Financial Instruments and associated Amending Standards

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

New Accounting Standards and Interpretations Not Yet Adopted (continued)

AASB 15: Revenue from Contracts with Customers

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

New Accounting Standards and Interpretations Not Yet Adopted (continued)

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.

3. SEGMENT REPORTING

For the period ended 30 June 2017	Consolidated Technegas $	Molecular Imaging $	Total $
Revenue			
Sales to external customers	6,031,180	25,764	6,056,944
Finance revenue	6,589	1,036	7,625
Total segment revenue	**6,037,769**	**26,800**	**6,064,569**
Result			
Loss before tax, depreciation and finance costs	**(774,888)**	**(240,823)**	**(1,015,711)**
Depreciation and amortisation	(142,198)	(31)	(142,229)
Loss before tax and finance	**(917,086)**	**(240,854)**	**(1,157,940)**
Finance costs	(7,641)	(1,291)	(8,932)
Loss before tax	**(924,727)**	**(242,145)**	**(1,166,872)**
Income tax expense	(100,386)	(159,860)	(260,246)
Loss for the period	**(1,025,113)**	**(402,005)**	**(1,427,118)**
Assets and liabilities			
Segment assets	19,341,273	2,551,324	21,892,597
Segment liabilities	3,621,541	857,631	4,479,172

3. SEGMENT REPORTING

For the period ended	Consolidated		
	Technegas	Molecular Imaging	Total
30 June 2016	**$**	**$**	**$**
Revenue			
Sales to external customers	6,456,714	-	6,456,714
Finance revenue	28,863	28	28,891
Total segment revenue	**6,485,577**	**28**	**6,485,605**
Result			
Profit / (Loss) before tax, depreciation and finance costs	**1,054,643**	**(202,164)**	**852,479**
Depreciation and amortisation	(53,597)	(152)	(53,749)
Profit / (Loss) before tax and finance	**1,001,046**	**(202,316)**	**798,730**
Finance costs	(10,018)	263	(9,755)
Profit / (Loss) before tax	**991,028**	**(202,053)**	**788,975**
Income tax expense	(212,555)	(292,806)	(505,361)
Net Profit / (Loss) for the period	**778,473**	**(494,859)**	**283,614**
Assets and liabilities			
Segment assets	14,148,756	2,224,214	16,372,970
Segment liabilities	3,691,907	365,058	4,056,965

4. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	30 June 2017	31 December 2016
	$	$
Net assets per share	0.25	0.21
Net tangible assets per share	0.22	0.18
	Number	Number
Number of ordinary shares for net assets per share	68,636,501	59,726,733
	30 June 2017	31 December 2016
	$	$
Net assets	17,413,425	12,461,803
Net tangible assets	15,325,581	10,744,417

The number of ordinary shares includes the effects of 8,684,768 shares issued on 30 June 2017 in connection with the entitlement offer exercise and 225,000 Long Term Incentive Performance ("LITP") shares issued on 19 April 2017 as set out in Note 8 (December 2016: 138,000 LTIP shares issued on 25 July 2016).

(Loss) / Earnings per share

	Consolidated	
	30 June 2017	30 June 2016
	$	$
Net (loss) / earnings attributable to equity holders of the parent	(1,427,118)	283,614
	cents	cents
- basic (loss) / earnings per share for continuing operations	(2.47)	0.51
- basic (loss) / earnings per share	(2.47)	0.51
- diluted (loss) / earnings per share	(2.48)	0.48
	Number	Number
Weighted average number of ordinary shares for basic (loss) / earnings per share	57,802,972	55,735,026
Weighted average number of ordinary shares for diluted (loss) / earnings per share	57,433,125	59,588,733

The weighted average number of ordinary shares for basic (loss) / earnings per share excludes the effects of 225,000 LTIP shares issued on 19 April 2017, 138,000 LTIP shares issued on 25 July 2016 and 2,203,590 LTIP shares issued on 13 July 2015 as they are contingently returnable.

5. CASH AND CASH EQUIVALENTS

The balance of cash at bank includes net proceeds of $6,589,094 received pursuant to a capital raising exercise completed on 30 June 2017 (refer Note 8).

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	30 June 2017	31 December 2016
	$	$
Associated companies	-	-

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest	
				30 June 2017	31 December 2016
Macquarie Medical Imaging Pty Ltd	Imaging centre	Australia	Preference	20%	20%

	Consolidated	
	30 June 2017	31 December 2016
Macquarie Medical Imaging Pty Ltd	$	$
At 1 January	-	-
(Repayment made by) / Loan to associate	-	-
Reversal / (Share) of losses after income tax	-	-
At 30 June / 31 December	-	-

Cyclopet Pty Ltd has a 20% (2016: 20%) interest in Macquarie Medical Imaging Pty Ltd. The share of the associate's loss not recognised during the period was $255,891 (30 June 2016: loss of $267,295) and the cumulative share of the associate's loss not recognised as at 30 June 2017 was $3,055,491 (31 December 2016: $2,799,600).

The share of loss of associate not recognised as at 30 June 2017 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 (2016: $nil).

7. DEFERRED INCOME LIABILITIES

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

8. CONTRIBUTED EQUITY

		Consolidated			
	Notes	30 June 2017 Number	30 June 2016 Number	30 June 2017 $	30 June 2016 $
Issued and paid up capital					
Ordinary shares		68,636,501	59,588,733	26,885,219	20,296,125
Other contributed equity		-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**68,636,501**	**59,588,733**	**21,552,061**	**14,962,967**
Ordinary shares					
Issued and paid up capital					
Balance at the beginning of the period		59,726,733	59,588,733	20,296,125	20,296,125
Issue of Long Term Incentive Plan shares	(i)	225,000	-	-	-
Issue of non-renounceable entitlement shares	(ii)	8,684,768	-	6,589,094	-
Balance at the beginning and end of period		**68,636,501**	**59,588,733**	**26,885,219**	**20,296,125**

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) 225,000 Long Term Incentive Plan shares were issued on 19 April 2017 under the non-recourse loan payment plan at an exercise price of $0.90.
(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.

Dividends

The Directors declared an unfranked interim dividend of 0.5 cents per share which has not been recognised in these condensed consolidated financial statements as it was declared subsequent to 30 June 2017. An unfranked final dividend of 0.5 cents per share in respect of the financial year ended 31 December 2016 (2016: fully franked final dividend of 0.5 cents per share in respect of the financial year ended 31 December 2015) was paid during the current financial period.

	Consolidated			
	30 June 2017 Cents per share	30 June 2016 Cents per share	30 June 2017 $	30 June 2016 $
Fully paid ordinary shares				
Final dividend for the financial year				
- No franking credits attached	0.5	-	(278,309)	-
- Fully franked at 30% corporate tax rate	-	0.5	-	(278,193)
	0.5	**0.5**	**(278,309)**	**(278,193)**

9. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

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

	Consolidated	
	30 June 2017	31 December 2016
	$	$
Operating Lease Commitments		
Minimum lease payments		
Due not later than one year	680,943	589,966
Due later than 1 year & not later than 5 years	2,046,288	1,597,259
More than 5 years	1,298,923	-
Total operating lease commitments	**4,026,154**	**2,187,225**
Operating lease expenses recognised as an expense during the period / year	395,067	649,512

- Cyclomedica Australia Pty Ltd 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 period, the landlord 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 into a commercial lease for the PET Facility at Macquarie University Hospital. The lease has a term of 10 years and commenced upon commissioning of the Hospital in June 2010.
- Cyclomedica Canada Limited has entered into a commercial lease for office space in Ontario, Canada. The lease has a term of 2 years.
- The Group also has entered into commercial leases on motor vehicles that have an average life of approximately 3 to 4 years.

(b) Finance lease commitments

The Group has no finance lease commitments.

(c) Capital commitments

There are no capital commitments as at the reporting date.

(d) Contingent liabilites

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 $2,185,498 (31 December 2016: $1,986,650). 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.

10. SIGNIFICANT RELATED PARTY TRANSACTIONS

The condensed 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 period:

CONSOLIDATED		Sales to related parties $	Purchases from related parties $	Repayment from related parties $	Amounts owed by related parties $	Provision for doubtful debts on Amounts owed by related parties $
Pilmora Pty Ltd	*2017*	-	-	-	-	-
	2016	-	11,888	-	-	-
Macquarie Medical Imaging	*2017*	-	-	-	230,782	230,782
	2016	-	-	-	230,782	230,782
Almedis Altmann GMBH	*2017*	491,202	-	-	325,782	-
	2016	434,497	-	-	200,791	-

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 half year, no payments (2016: $11,888) were made to Pilmora Pty Ltd (an entity controlled by Director, Henry Townsing). All payments related to Mr Townsing's role as a non-executive director.
- Cyclopet Pty Ltd, a wholly owned subsidiary of Cyclopharm has a 20% interest in Macquarie Medical Imaging. Prior to ceasing commercial operations at the end of April 2014, Cyclopet manufactured products that were sold to Macquarie Medical Imaging. As the trade debtor balance of $230,782 (2016: $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 as disclosed in Note 6.
- During the half year, sales of large crucibles amounting to $491,202 (2016: $434,497) were made to Almedis Altmann GmbH (an entity controlled by General Manager - Europe, Mr. Bjorn Altmann).

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.

11. DIVIDEND DECLARED DETAILS

The Company has declared an unfranked interim dividend of 0.5 cents per share which will be paid on 11 September 2017. The record date for the interim dividend is 4 September 2017.

12. EVENTS AFTER THE BALANCE SHEET DATE

The Company has been notified by the Australian Securities & Investments Commission that the voluntary deregistration of its wholly owned subsidiaries, Allrad 28 Pty Ltd and Allrad 29 Pty Ltd had been completed on 16 July 2017.

No other matters or circumstances have arisen since the end of the financial period, 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.

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Directors' Declaration

In the opinion of the directors of Cyclopharm Limited:

1. (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and

    (ii) complying with Accounting Standard *AASB 134 Interim Financial Reporting*, Corporations Regulations 2001 and other mandatory professional reporting requirements.

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

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001:

James McBrayer
Managing Director & CEO

Sydney, 28 August 2017

Independent Auditor's Review Report

To the members of Cyclopharm Limited:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cyclopharm Limited, which comprises the Condensed Consolidated Statement of Financial Position as at 30 June 2017, the Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, of the group comprising Cyclopharm Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *the Corporations Regulations 2001*. As the auditor of Cyclopharm Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of Cyclopharm Limited.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Cyclopharm Limited and its controlled entities is not in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Nexia Sydney Audit Pty Ltd

Stephen Fisher
Director

Sydney, 28 August 2017

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General Information

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Non-Executive Chairman

James McBrayer
Managing Director & CEO

Vanda Gould
Non-Executive Director

Thomas McDonald
Non-Executive Director

Company Secretary
James McBrayer

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