Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2011

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	No of Pages	32 incl. cover
Date	31 August 2011		
From	James McBrayer		
Subject	**Appendix 4D**		

Please see attached 30 June 2011 Half Year Report for Cyclopharm Limited (ASX - CYC).

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

For all enquiries please contact

Mr James McBrayer
Managing Director and Company Secretary
Cyclopharm Limited

Telephone (02) 9541 0411 or email: jmcbrayer@cyclopharm.com.au

1. Company details

Name of entity

CYCLOPHARM LIMITED

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
74 116 931 250	30 June 2011	30 June 2010

The information contained in this report is to be read in conjunction with Cyclopharm Limited's 2010 Annual Report and any announcements to the market by Cyclopharm Limited during the half year ended 30 June 2011.

2. Results for announcement to the market

2.1 Revenues from ordinary activities	Up 10%	to	3,615,429
2.2 Loss from ordinary activities after tax attributable to members	Up 99%	of	(1,533,793)
2.3 Loss for the period attributable to members	Up 99%	of	(1,533,793)

2.4 Dividends	Amount per security	Franked amount per security
Final dividend proposed	Not applicable	Not applicable
Interim dividend	Not applicable	Not applicable

2.5 Record date for determining entitlements for the final dividend	Not applicable

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.

OVERVIEW

The group's net loss after tax for the half year was $1,533,793 (2010: loss of $769,203). Our molecular imaging division's loss before tax and finance costs was $1,198,920 (2010: loss of $280,840) and comprised of two components. The first is a loss arising from the cyclotron operations of $810,292 (2010: loss of $213,543) and secondly our share of MMI's losses amounting to $388,628 (2010: loss of $67,297). The reduction in profitability can be primarily attributed to the timing of sales and the slower than expected ramp-up of Macquarie University Hospital.

On a positive note, volume sales of the Company's key product Patient Administration Sets ("PAS") were 8% higher than the prior year. Gross profit margins were 8% lower as unit prices were impacted by the surging Australian dollar which strengthened 11% against the Euro and 9% against the Canadian dollar.

TECHNEGAS

Despite the surging Australian dollar, sales revenue from ordinary activities of $3.27m (2010: $3.27m) was consistent with the prior comparative period. A lower loss before income tax of $317,397 was recorded compared with a loss before income tax of $328,236 in 2010.

Revenue from the Company's key products, Technegas Generators and Patient Administration Sets ("PAS") was marginally lower at $2.83 million compared to $2.90 million the same period in 2010. Gross profit margins as a percentage of sales fell as a result of foreign exchange impacts from 80% to 72%.

The company recorded 24 Generator sales in the first half, only 1 unit below the same period last year. Although PAS or consumable revenue amounted to $2.29 million for the current period, an amount consistent in 2010 of $2.27 million, volumes increased by 4,000 units or 8% to 53,500 units.

In 2009 and 2010, the global shortage of Molybdenum 99 ("Mo99") had an impact on all nuclear medicine procedures throughout the world. Mo99 is the isotope used to produce Sodium Pertechnetate Tc99m (Tc99m). Tc99m is the radioactive starting material that is used in the production of Technegas. Technegas sales rebounded in 2011 as global production levels of Molybdenum 99 returned to normal.

Operating costs of $2.13 million were consistent with that of the prior comparative period of $2.10 million.

MOLECULAR IMAGING

CycloPet

CycloPet moved from a development to operational phase in the first half of 2011. During its first six months of operations sales generated from the cyclotron facility located at Macquarie University Hospital posted revenues of $0.34m. The start-up operating costs of $0.49m were recorded for the period with an overall loss before tax and finance costs of $810,292 (2010: loss of $213,543). While it is pleasing to see the facility commercially operational, the market growth has been lower than originally expected.

Macquarie Medical Imaging

Cyclopharm's medical imaging joint venture has now been in operation for 12 months. MMI is the most technologically advanced imaging centre in Australia and represents a fully aligned and integrated diagnostic, therapeutic and research platform.

MMI provides patients at Macquarie University Hospital and neighbouring suburbs access to state of the art imaging facilities including 3T MRI, CT, X-ray, Ultrasound and Positron Emission Tomography (PET) scanning.

Due to Cyclopharm's minority shareholding, profit and losses are recorded as an investment activity. As a result revenues are not reported in our accounts. The group's shared losses of MMI amounted to $388,628 (2010: loss of $67,297). Losses are the direct result of the slower than expected ramp-up of Macquarie University Hospital.

NEW DRUG APPLICATION

As previously advised in recent trading updates, the much awaited entry into the United States Market was tangibly advanced by reaching agreement with the United States Food and Drug Administration (FDA) on our proposed clinical trial protocol parameters. The significance of attaining Special Protocol Assessment approval is equivalent to achieving a contract with the FDA on the most critical element of any New Drug Application.

As the USA represents such a major growth opportunity, the directors will be prudent in pursuing approval to sell Technegas in the USA.

OUTLOOK

While we expect that the financial improvement for Cyclopet and MMI will not be materially improved in 2011, we believe that their future is still promising. The Directors believe that the patient uptake is only a timing issue and are confident the recent growth initiatives put into place at MUH will drive growth. MUH has revamped their senior management recently and will be taking over a 30% equity stake in MMI from Alfred Healthcare. We expect encouraging results from our ongoing efforts to obtain a more diversified customer base for our cyclotron facility although we do not anticipate the effects to be felt in 2011.

We are pleased to inform shareholders of the positive impacts a recent Federal Government announcement will have on our Molecular Imaging business. The details of the initiatives have just been released and include the following changes which are effective from 1 July 2011:

- Several PET items will be moved from the Health Insurance (Positron Emission Tomography) Facilities Determination 2010 (No. 2) to the Health Insurance (Diagnostic Imaging Service Table) Regulations 2010. This change will make items codes publicly available for all Medicare-eligible PET facilities in Australia rather than a select few locations; and

- Following an expansion and reclassification of item codes, the 10 procedures previously accessible to all providers under the Medicare Benefit Scheme, have doubled to a total of 20 procedures as of 1 July 2011.

In the future we expect to see a gradual redistribution of existing studies from centres that held the limited license to perform these studies. In the medium term we expect to see an expansion in the PET market for both the public and private sectors.

We are constantly on the lookout for new applications for our Technegas product. We are currently participating in a new Clinical Research Cooperative (CRC) that if approved by the government will assist our efforts in expanding the use of Technegas.

Both Chronic Obstructive Pulmonary Disease (COPD) and pre and post operative lung resection patients will feature in this initiative. Our pursuit of an expanded indication is fueled by the market potential. The COPD market is 15 to 20 times the size of that of the pulmonary embolism market we currently occupy.

We expect the historical trend of stronger Technegas sales revenue in the second half of 2011. We forecast that the second half of 2011's profitability will continue to be adversely impacted by the slow ramp up in MUH's operations.

3. Net tangible assets

	30 June 2011	30 June 2010
Net Tangible Assets per security	$0.06	$0.06

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

Not applicable

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 2011	30 June 2010
Macquarie Medical Imaging Pty Ltd	20%	20%

The share of the associate's loss for the period was $388,628 (2010: $67,297).

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 2011

cyclopharm

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Contents

Highlights

Half Year ended 30 June		2010	2011	% Change
Sales Revenue	$	3,272,041	3,615,429	10%
Loss before tax and finance costs	$	(527,316)	(1,460,428)	(177%)
Net Loss after tax	$	(769,203)	(1,533,793)	(99%)
EPS	cents	(0.45)	(0.91)	(102%)

Technegas
Technegas business remains strong with Patient Administration Sets (PAS) units increasing 8% over prior year while revenues remain flat.

Investigational New Drug Application (IND) being finalised following Special Protocol Assessment (SPA) approval. Clinical trial to commence early Q4 2011.

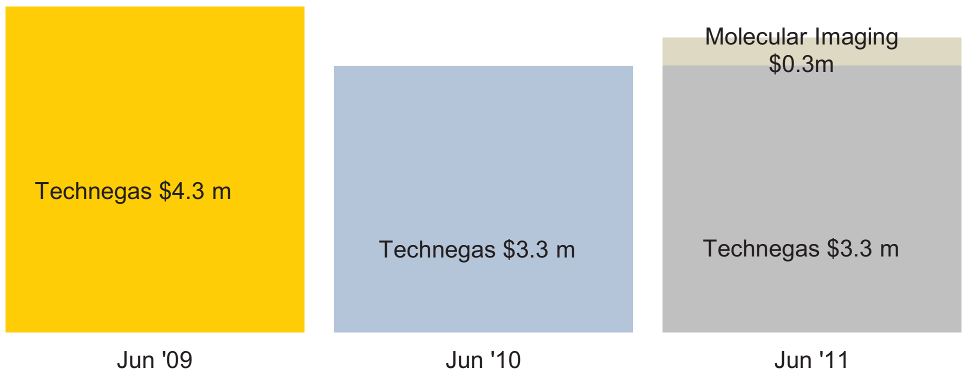
Molecular Imaging – first half year of operations
Our wholly owned subsidiary, CycloPet Pty Ltd, which operates a cyclotron facility at Macquarie University Hospital, completed its first six months of operations.

Macquarie Medical Imaging
Our joint venture business, Macquarie Medical Imaging (MMI) has completed its first full year of operations at Macquarie University Hospital. MMI provides patients at the hospital and neighbouring suburbs access to a state of the art imaging facilities offering a full range of imaging modalities including Positron Emission Tomography scanning.

Managing Director’s Review

FEATURES

As a result of the substantial milestones that we delivered in 2010, I am pleased to inform shareholders that Cyclopharm Limited (“Cyclopharm” or “the Company”) can no longer be considered a one product company. Firstly, our cyclotron facility at Macquarie University Hospital (“MUH”) has been operational since December 2010. Secondly, Macquarie Medical Imaging (“MMI”) has been in business for 12 months now and we are encouraged by the initial patient profile seen through the department. Cyclopharm’s purpose built cyclotron facility supplies PET (“Positron Emission Tomography”) radiopharmaceuticals to the PET/CT cameras within the imaging centre at MUH.



Group Revenue by segment

While we have expanded our offering, Technegas remains the critical element of the group, recording 91% of sales in the first half. Although these new business ventures deliver diversity to our product and service offering, both CycloPet and MMI are negatively impacting our financial performance on a financial period comparative basis.

The group’s net loss after tax for the half year was $1,533,793 (2010: loss of $769,203). Our molecular imaging division’s loss before tax and finance costs was $1,198,920 (2010: loss of $280,840) and comprised of two components. The first is a loss arising from the cyclotron operations of $810,292 (2010: loss of $213,543) and secondly our share of MMI’s losses amounting to $388,628 (2010: loss of $67,297). The reduction in profitability can be primarily attributed to the timing of sales and the slower than expected ramp-up of Macquarie University Hospital.

On a positive note, volume sales of the Company’s key product Patient Administration Sets (“PAS”) were 8% higher than the prior year. Gross profit margins were 8% lower as unit prices were impacted by the surging Australian dollar which strengthened 11% against the Euro and 9% against the Canadian dollar.

Your directors expect significantly stronger sales of Technegas in the second half and meaningful growth in revenues from the Molecular Imaging division in the product Fluro Deoxy Gloucose (“FDG”) sales as capacity at MUH ramps up. FDG is the primary PET radioisotope used for PET scans.

Managing Director's Review
Continued

OPERATING REVIEW

TECHNEGAS

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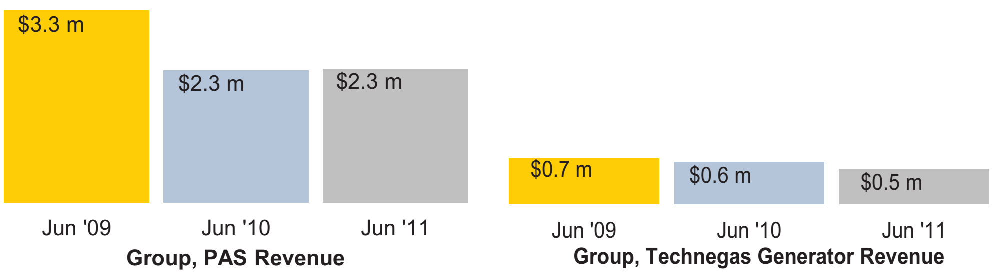
Technegas Market Review



Europe
During the period, 36% (2010: 37%) of Cyclopharm's revenues were recorded in Europe once again demonstrating the region's importance. Sales revenue of $1.17 million was the same amount as that recorded in the prior year. Traditionally, the bulk of sales in Europe are incurred in the second half. We expect this trend to continue.

North America
There was a 6% growth in PAS units sold in Canada compared to the same period last year. Despite the volume growth, foreign exchange impacted results with 2% lower PAS revenues reported. On a country basis, Canada is now the second largest Technegas market in the world. Management views our success in Canada as a strong indicator for anticipated take up rates in the US when our approval to sell Technegas is obtained.

Asia Pacific
In Asia Pacific, we recorded revenues on par with the same time last year. In Australia, sales were 2% higher in the first half of 2011 compared to 2010. Generator sales were flat with 6 new generators sold compared to 7 in 2010. Australian PAS sales grew 9% compared to the same period in 2010.

Managing Director's Review
Continued

New Drug Application

As previously advised in recent trading updates, the much awaited entry into the United States Market was tangibly advanced by reaching agreement with the United States Food and Drug Administration (FDA) on our proposed clinical trial protocol parameters. The significance of attaining Special Protocol Assessment approval is equivalent to achieving a contract with the FDA on the most critical element of any New Drug Application.

As the USA represents such a major growth opportunity, the directors will be prudent in pursuing approval to sell Technegas in the USA.

I look forward to providing you updates as they become available.

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Managing Director's Review
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James McBrayer
Managing Director

Sydney, 31 August 2011

Directors' Report

The Directors of Cyclopharm Limited ("Cyclopharm" or "Company") submit their half yearly report together with the financial report for Cyclopharm and its controlled entities for the half year ended 30 June 2011.

DIRECTORS

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

Mr V R Gould	Non-Executive Chairman
Mr D J Heaney	Non-Executive Director
Mr J S McBrayer	Managing Director
Mr J S Sharman	Non-Executive Director
Mr A D H Beard	Non-Executive Director (appointed on 28 April 2011 and resigned on 26 July 2011)

In accordance with the Constitution all directors with the exception of Mr James McBrayer and Mr Alexander Beard who was appointed as a casual director, stood for election by its members at Annual General Meeting and rotate in accordance with the Company's Constitution.

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Operating Results for the Half Year

For the reporting period the consolidated entity recorded a loss after tax attributable to members of $1,533,793 (2010: loss after tax of $769,203).

DIVIDENDS

No dividends were declared or paid during the half year ended 30 June 2011.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the period there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No 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 Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Directors' Report
Continued

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:

James McBrayer
Managing Director & CEO

Sydney, 31 August 2011

Russell Bedford
New South Wales

Level 42, Suncorp Place
259 George Street
Sydney NSW 2000
Australia

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W: www.russellbedford.com

31 August 2011

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

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF CYCLOPHARM LIMITED

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

- no contraventions of any applicable code of professional conduct in relation to the review.

RUSSELL BEDFORD NSW
Chartered Accountants

WALI AZIZ B.COM,CA

Statement of Comprehensive Income

for the half year ended 30 June 2011

	Notes	Consolidated 30 June 2011 $	30 June 2010 $
CONTINUING OPERATIONS			
Sales revenue		3,615,429	3,272,041
Finance revenue		12,923	45,544
Total Revenue		**3,628,352**	**3,317,585**
Cost of materials and manufacturing		(1,161,769)	(827,798)
Employee benefits expense		(1,627,112)	(1,447,040)
Advertising and promotion expense		(144,709)	(115,434)
Depreciation and amortisation expense		(331,262)	(184,727)
Freight and duty expense		(151,331)	(164,945)
Research and development expense		(18,999)	(8,423)
Administration expense		(1,047,114)	(919,642)
Other expenses		(217,856)	(109,595)
Share of loss of an associate		(388,628)	(67,297)
Loss before tax and finance costs		**(1,460,428)**	**(527,316)**
Finance costs		(211,678)	(82,270)
Loss before income tax		**(1,672,106)**	**(609,586)**
Income tax benefit / (expense)		138,313	(159,617)
Net loss for the period		**(1,533,793)**	**(769,203)**
Other comprehensive expense after income tax			
Exchange differences on translating foreign controlled entities		(71,829)	(296,406)
Total comprehensive expense for the year		**(1,605,622)**	**(1,065,609)**
Earnings per share (cents per share)	4	**cents**	**cents**
-basic earnings per share for continuing operations		(0.91)	(0.45)
-basic earnings per share		(0.91)	(0.45)
-diluted earnings per share		(0.91)	(0.45)

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

Consolidated Statement of Financial Position

as at 30 June 2011

	Notes	Consolidated 30 June 2011 $	31 December 2010 $
Assets			
Current Assets			
Cash and cash equivalents		1,095,751	1,541,644
Trade and other receivables		2,738,086	4,295,487
Inventories		2,622,902	2,546,867
Other assets - prepayments		62,576	25,490
Total Current Assets		**6,519,315**	**8,409,488**
Non-current Assets			
Inventories		511,619	702,000
Trade and other receivables		-	161,500
Property, plant and equipment		9,991,226	10,059,528
Investments in associates		-	188,231
Intangible assets		2,654,313	2,621,152
Total Non-current Assets		**13,157,158**	**13,732,411**
Total Assets		**19,676,473**	**22,141,899**
Liabilities			
Current Liabilities			
Trade and other payables		1,195,957	1,082,492
Interest bearing loans and borrowings	5	5,417,079	6,078,300
Provisions		609,453	499,283
Tax liabilities		-	318,850
Total Current Liabilities		**7,222,489**	**7,978,925**
Non-current Liabilities			
Interest bearing loans and borrowings	5	23,019	24,453
Provisions		34,469	27,710
Deferred tax liabilities		231,939	344,657
Total Non-current Liabilities		**289,427**	**396,820**
Total Liabilities		**7,511,916**	**8,375,745**
Net Assets		**12,164,557**	**13,766,154**
Equity			
Contributed equity	6	11,088,908	11,088,908
Employee equity benefits reserve		318,174	314,149
Foreign currency translation reserve		(1,615,053)	(1,543,224)
Retained Profits		2,372,528	3,906,321
Total Equity		**12,164,557**	**13,766,154**

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

Consolidated Statement of Cash Flows

for the half year ended 30 June 2011

	Consolidated	
	30 June 2011	**30 June 2010**
	$	**$**
Operating activities		
Receipts from customers	5,297,244	5,510,422
Payments to suppliers and employees	(4,020,522)	(3,526,833)
Interest received	12,923	45,544
Borrow ing costs paid	(211,678)	(82,270)
Income tax paid	(293,255)	-
Net cash flows from operating activities	**784,712**	**1,946,863**
Investing activities		
Investment in associates	(200,000)	(400,000)
Purchase of property, plant and equipment	(200,350)	(4,937,950)
Payments for deferred expenditure	(95,771)	(58,030)
Net cash flows used in investing activities	**(496,121)**	**(5,395,980)**
Financing activities		
(Repayment) / Proceeds from draw dow n of bank borrow ings	(661,400)	2,010,000
(Repayment) of lease liabilities	(1,255)	-
Net cash flows (used in) / from financing activities	**(662,655)**	**2,010,000**
Net decrease in cash and cash equivalents	**(374,064)**	**(1,439,117)**
Cash and cash equivalents		
at beginning of the period	**1,541,644**	**4,612,205**
net foreign exchange differences from translation	(71,829)	(296,405)
at end of the period	**1,095,751**	**2,876,683**

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

Consolidated Statement of Changes in Equity
for the half year ended 30 June 2011

Consolidated	Share capital $	Other Contributed Equity $	Total Contributed Equity $	Accumulated Profits $	Foreign Currency Translation Reserve $	Employee Equity Benefits Reserve $	Total $
Balance at 1 January 2010	**16,422,066**	**(5,333,158)**	**11,088,908**	**3,456,215**	**(834,454)**	**217,972**	**13,928,641**
Cost of share based payments	-	-	-	-	-	48,089	48,089
Other comprehensive expense	-	-	-	-	(296,406)	-	(296,406)
Total (expense) / income for the half year recognised directly in equity	-	-	-	-	(296,406)	48,089	(248,317)
Loss for the half year	-	-	-	(769,203)	-	-	(769,203)
Total (expense) / income for the half year	**-**	**-**	**-**	**(769,203)**	**(296,406)**	**48,089**	**(1,017,520)**
Other	-	-	-	-	-	-	-
Balance at 30 June 2010	**16,422,066**	**(5,333,158)**	**11,088,908**	**2,687,012**	**(1,130,860)**	**-** **266,061**	**12,911,121**
Balance at 1 January 2011	**16,422,066**	**(5,333,158)**	**11,088,908**	**3,906,321**	**(1,543,224)**	**314,149**	**13,766,154**
Cost of share based payments	-	-	-	-	-	4,025	4,025
Other comprehensive expense	-	-	-	-	(71,829)	-	(71,829)
Total (expense) / income for the half year recognised directly in equity	-	-	-	-	(71,829)	4,025	(67,804)
Loss for the half year	-	-	-	(1,533,793)	-	-	(1,533,793)
Total (expense) / income for the half year	**-**	**-**	**-**	**(1,533,793)**	**(71,829)**	**4,025**	**(1,601,597)**
Balance at 30 June 2011	**16,422,066**	**(5,333,158)**	**11,088,908**	**2,372,528**	**(1,615,053)**	**318,174**	**12,164,557**

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

Notes to the Financial Statements
for the half year ended 30 June 2011

1. CORPORATE INFORMATION

The Half Year financial report of Cyclopharm Limited for the half year ended 30 June 2011 was authorised for issue with a resolution of the directors on the same date.

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 Director's Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The Half Year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Accounting Standards including *AASB 134 Interim Financial Reporting.* Compliance with Accounting Standards ensure that the financial statements and notes comply with International Financial Reporting Standards. The financial report has also been prepared on a historical cost basis.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the Half Year financial report be read in conjunction with the annual report for the year ended 31 December 2010 and considered together with any public announcements made by Cyclopharm Limited during the half year ended 30 June 2011 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars.

All accounting policies adopted with the exception of those listed below are consistent with those in prior reporting periods.

New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period

For the half-year reporting period to 30 June 2011, a number of new and revised accounting standard requirements became mandatory for the first time. A discussion of these new and revised requirements and their impact on the Group is provided below.

AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB8, 101, 107 and 117]

The amendments to some Australian Accounting Standards arising from the AASB 2009-5 result in accounting changes for presentation, recognition or measurement purposes, while some amendments relate to terminology and editorial changes that have little or no effect on the relevant accounting requirements. A summary of the main reporting changes arising from AASB 2009-5 is provided below.

AASB 8: Operating Segments states that an entity is only required to report a measure of total assets for each reportable segment if such information is regularly provided to the chief operating decision maker. (Previously entities were required to report a measure of total assets for each reportable segment, irrespective of whether such amounts were regularly provided to the chief operating decision maker.)

Notes
Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period *(continued)*

AASB 101: Presentation of Financial Statements clarifies that the classification of a (current) liability for which the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date is not affected by the existence of any terms that could, at the option of the counterparty, result in the settlement of the liability by the issue of equity instruments by the entity.

AASB 107: Statement of Cash Flows clarifies that only expenditures that result in a recognised asset in the statement of financial position would be classified as cash flows from investing activities in the statement of cash flows.

AASB 117: Leases states that when a lease includes both land and building components, each component is required to be separately assessed as either an operating or finance lease in accordance with the criteria in AASB 117.

b) Going Concern

The consolidated entity incurred trading losses of $1,533,793 for the half-year ended 30 June 2011 and had a net current asset deficiency of $703,174 as at that date.

These conditions give rise to a material uncertainty that may cast doubt upon the consolidated entity's ability to continue as a going concern. The ongoing operation is dependent upon:

i) the consolidated entity achieving cash flow positive trading operations from its existing businesses;

ii) arranging extension of the existing bank facilities (presently due 30 September 2011 as disclosed in note 5) in the ordinary course; and

iii) raising further funding from shareholders and/or external financiers (the directors propose a $2m capital raising in the second half of the financial year).

The directors have prepared cash flow projections that support the ability of the consolidated entity to continue as a going concern. These cash flow projections assume the capital raising; extension of the finance facilities and significant increases from the Molecular Imaging business.

In the event that the consolidated entity does not achieve these matters it may not be able to continue operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Notes
Continued

3. SEGMENT REPORTING

For the period ended 30 June 2011	Consolidated Technegas $	Molecular Imaging $	Total $
Revenue			
Sales to external customers	3,274,789	340,640	3,615,429
Finance revenue	8,747	4,176	12,923
Total segment revenue	**3,283,536**	**344,816**	**3,628,352**
Result			
Loss before tax, depreciation and finance costs	**(137,875)**	**(991,291)**	**(1,129,166)**
Depreciation and amortisation	(123,633)	(207,629)	(331,262)
Loss before tax and finance	**(261,508)**	**(1,198,920)**	**(1,460,428)**
Finance costs	(55,889)	(155,789)	(211,678)
Loss before tax	**(317,397)**	**(1,354,709)**	**(1,672,106)**
Income tax benefit	138,313	-	138,313
Net Loss for the period	**(179,084)**	**(1,354,709)**	**(1,533,793)**
Assets and liabilities			
Segment assets	8,626,147	11,050,326	19,676,473
Segment liabilities	2,164,746	5,347,170	7,511,916

Notes
Continued

3. SEGMENT REPORTING

For the period ended 30 June 2010	Consolidated Technegas $	Consolidated Molecular Imaging $	Consolidated Total $
Revenue			
Sales to external customers	3,271,171	870	3,272,041
Finance revenue	40,923	4,621	45,544
Total segment revenue	**3,312,094**	**5,491**	**3,317,585**
Result			
Loss before tax, depreciation and finance costs	**(64,975)**	**(277,614)**	**(342,589)**
Depreciation and amortisation	(181,501)	(3,226)	(184,727)
Loss before tax and finance	**(246,476)**	**(280,840)**	**(527,316)**
Finance costs	(81,760)	(510)	(82,270)
Loss before tax	**(328,236)**	**(281,350)**	**(609,586)**
Income tax expense	(159,617)	-	(159,617)
Net Loss for the period	**(487,853)**	**(281,350)**	**(769,203)**
Assets and liabilities			
Segment assets	10,866,666	10,408,877	21,275,543
Segment liabilities	3,426,014	4,938,408	8,364,422

Notes
Continued

4. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	30 June 2011	31 December 2010
	$	$
Net assets per share	0.07	0.08
Net tangible assets per share	0.06	0.07
	Number	Number
Weighted average number of ordinary shares for net assets per share	168,212,616	171,012,616
	30 June 2011	31 December 2010
	$	$
Net assets	12,164,557	13,766,154
Net tangible assets	9,510,244	11,145,002

Earnings per share

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Net loss attributable to equity holders of the parent	(1,533,793)	(769,203)
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	168,212,616	171,012,616
	cents	cents
- basic earnings per share for continuing operations	(0.91)	(0.45)
- basic earnings per share	(0.91)	(0.45)
- diluted earnings per share	(0.91)	(0.45)
Weighted average number of ordinary shares for basic earnings per share	168,212,616	171,012,616

Notes
Continued

5. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	30 June 2011	31 December 2010
	$	$
Current		
Lease liabilty	2,579	2,400
Bank loan - secured	5,414,500	6,075,900
Interest bearing loans and liabilities (current)	**5,417,079**	**6,078,300**
Non-current		
Lease liabilty	23,019	24,453
Interest bearing loans and liabilities (non-current)	**23,019**	**24,453**
Total financial liabilities	**5,440,098**	**6,102,753**
Total facilities	5,414,500	6,075,900
Facilities used at reporting date	(5,414,500)	(6,075,900)
Facilities unused at reporting date	**-**	**-**

(i) Cyclopharm has a multi-option facility (MOF) provided by the National Australia Bank for $5.1 million. The facility has been renewed until 30 September 2011 at which time the facility will be reviewed for a further extension until December 2015. At balance date $5.1 million had been drawn down against this facility.

(ii) Cyclopharm has an amortising bank bill facility provided by the National Australia Bank of $0.31 million. At balance date $0.31 million had been drawn down against this facility. The facility has been fully repaid on 29 July 2011.

Notes
Continued

6. CONTRIBUTED CAPITAL

		Consolidated			
		30 June 2011	30 June 2010	30 June 2011	30 June 2010
	Notes	Number	Number	$	$
Issued and paid up capital					
Ordinary shares	(a)	168,212,616	171,012,616	16,422,066	16,422,066
Other contributed equity		-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**168,212,616**	**171,012,616**	**11,088,908**	**11,088,908**
Ordinary shares					
(a) Issued and paid up capital					
Balance at the beginning of the period		171,012,616	171,012,616	16,422,066	16,422,066
Cancellation of shares to directors and employees	(i)	(2,800,000)	-	-	-
Balance at end of period		**168,212,616**	**171,012,616**	**16,422,066**	**16,422,066**

(i) 700,000 LTIP shares held by Mr James McBrayer, the Managing Director and 2,100,000 LTIP shares previously issued to other employees were cancelled along with the corresponding non-recourse loan (not accounted for in the Financial Statements).

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.

Notes
Continued

7. COMMITMENTS AND CONTINGENCIES

Commitments

There were no material changes to the commitments disclosed in the 2010 Annual Report as at the date of this report.

Contingent Liabilities

	Consolidated	
	30 June 2011	30 June 2010
Contingent liabilities relating to associate:	$	$
Share of contingent liabilities incurred jointly with other investors to		-
guarantee associate's financing facilities for which the Group is severally liable	3,200,000	-

The guarantee by Cyclopharm Limited and Cyclopet Pty Ltd jointly given with other investors is security for the whole Macquarie Medical Imaging Pty Ltd financing facility provided by the Commonwealth Bank of Australia. Cyclopharm Group's liability is limited to the amount that Cyclopharm Limited and Cyclopet Pty Ltd are obliged to fund under a Subscription Agreement with Alfred Health Solutions Pty Ltd which at the date of this report is 20% of the liability.

8. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the period.

9. EVENTS AFTER THE BALANCE SHEET DATE

No 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 Company, the results of those operations, or the state of affairs of the Company in future financial periods.

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 2011 and of their 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:

James McBrayer
Managing Director & CEO

Sydney, 31 August 2011

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New South Wales

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Independent 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 and the entities it controlled during the half year, which comprises the consolidated condensed statement of financial position as at 30 June 2011, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed 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.

Directors Responsibility on the Half-Year Financial Report

The directors of Cyclopharm Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 an Interim 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 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 2011 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. Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters Relating to Electronic Publication of the Reviewed Financial Report

This review report relates to the financial report of Cyclopharm Limited for the half year period ended 30 June 2011 included on the website of Cyclopharm Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 the entities it controlled during the half year is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion expressed above, we draw attention to Note 2 'Going Concern' in the financial statements, which identifies that the consolidated entity has incurred a loss of $1,533,793 for the half-year ended 30 June 2011 and, had a net current asset deficiency of $703,174 as at that date. These conditions, along with other matters as set forth in Note 2 'Going Concern', indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

RUSSELL BEDFORD NSW
Chartered Accountants

WALI AZIZ B.COM,CA
Dated at Sydney this 31st day of August 2011

General Information

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Vanda Gould
Non-Executive Chairman

James McBrayer
Managing Director, CEO &
Company Secretary

John Sharman
Non-Executive Director

David Heaney
Non-Executive Director

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Bankers
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Carlton VIC 3053

Stock Exchange Listing
The ordinary shares of
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