Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2012

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	No of Pages	36 incl. cover
Date	30 August 2012		
From	James McBrayer		
Subject	**Appendix 4D**		

Please see attached 30 June 2012 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 2012	30 June 2011

The information contained in this report is to be read in conjunction with Cyclopharm Limited's 2011 Annual Report and any announcements to the market by Cyclopharm Limited during the half year ended 30 June 2012 and up until the date of this Appendix 4D.

2. Results for announcement to the market

2.1 Revenues from ordinary activities	Up 14%	to	4,122,090
2.2 Loss from ordinary activities after tax attributable to members	Up 17% (lower loss)	of	(1,275,129)
2.3 Loss for the period attributable to members	Up 17% (lower loss)	of	(1,275,129)

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 $1,275,129 (2011: loss of $1,533,793). The financial performance of our Molecular Imaging division continues to be subdued although losses have been reduced as revenue from the cyclotron picks up and no further losses are recorded for our share of MMI's losses as the investment has been fully written down as at 31 December 2011 (2011: loss of $388,628). The Molecular Imaging division's loss before tax and finance costs was $691,840 (2011: loss of $1,198,920) arising solely from the cyclotron operational loss (2011: loss of $810,292). The Molecular Imaging division's loss was primarily attributed to the impact of ANSTO's competitive actions in the NSW market and a slower than expected ramp-up of Macquarie University Hospital.

On a positive note, the Technegas business continues to perform strongly. Volume sales of the Company's key product Patient Administration Sets (PAS) were 27% higher than the prior year. However, gross profit margins were 1% lower as unit prices were impacted by the Australian dollar which strengthened 7% against the Euro and 3% against the Canadian dollar.

TECHNEGAS

Despite the rising Australian dollar, sales revenue from ordinary activities of $3.47m (2011: $3.27m) was 6% higher (2011: no change) with the prior comparative period. A slightly larger loss before income tax of $386,427 was recorded compared with a loss before income tax of $317,397 in 2011 and was predominantly attributed to realised exchange losses of $125,742 (2011: $52,893 realised exchange gains).

Revenue from the Company's key products, Technegas Generators and Patient Administration Sets ("PAS") was 9.5% higher at $3.10 million compared to $2.83 million the same period in 2011. Gross profit margins as a percentage of sales fell marginally from 74% to 73%.

The company recorded 18 Generator sales in the first half, 6 units below the same period last year. It is encouraging that PAS or consumable revenue amounted to $2.68 million for the current period, 17% above 2011's revenue of $2.29 million with volumes increasing by 14,350 units or 27% to 67,850 units.

Operating costs of $2.30 million were 8.0% (2011: 0%) higher than that of the prior comparative period of $2.13 million.

MOLECULAR IMAGING

CycloPet

CycloPet is now well into its second year of operations. Your directors have been extremely pleased with the sales growth of 91% achieved during the period with $0.65m (2011: $0.34m) of sales generated from the cyclotron facility located at Macquarie University Hospital. The sales growth was attained despite facing tremendous headwinds in NSW.

Market growth has been significantly impacted as a consequence of the NSW tender to supply PET radiopharmaceuticals to public hospitals in NSW being awarded to PetNet Australia, a wholly owned subsidiary of the Australian Nuclear Science and Technology Organisation (ANSTO). The overall loss before tax and finance for the period amounted to $691,840 (2011: loss of $810,292).

Macquarie Medical Imaging

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

Growth in MMI is tied closely to the hospital's ramp-up. In December 2011, we announced that Macquarie University Hospital had taken a 30% share in the joint venture. We are confident that initiatives being implemented at MUH including a new breast clinic, expanded specialties such as cardiothoracic services, cancer care services and expanded PET indications will generate increased patient volumes.

The joint venture is accounted for on an equity basis due to Cyclopharm's minority shareholding. As a result, revenues are not reported in our accounts. No further losses will be recorded from 2012 as the investment in MMI has been fully written down as at 31 December 2011 (2011: $388,628 share of loss of associate).

NEW DRUG APPLICATION

As announced in December 2011, we have received approval from the United States Food and Drug Administration (FDA) to proceed with Phase 3 clinical trials which we expect to commence before the release of this report this quarter. We have suffered a setback recently in commencing this trial due to a shortage of Xenon-133 which is the product which will be used as a control standard for the trial and finalising the agreements with the clinical sites conducting the trial.

As the USA represents such a major growth opportunity, the Directors are compelled to continue to drive for FDA approval but will ensure we do so prudently.

OUTLOOK

In 2012, your Directors expect continued growth in Technegas revenues from both targeted marketing in Europe as well as growth following regulatory approval in Japan and Russia. We forecast a change in the mix of Technegas products. We anticipate more generators (lower margins) relative to PAS box sales and therefore lower profit margins.

We look forward to introducing Technegas to the United States market through our Phase 3 clinical trial scheduled to commence this quarter. Investigational sites will be progressively added throughout 2012 and 2013 to meet the target of 750 patients. Over half of the world's nuclear medicine departments are located in the United States and represents the single biggest growth opportunity for Technegas.

We continue to develop new indications for Technegas. Disease states to include Chronic Obstructive Pulmonary Disease ("COPD") and Lung Cancer have significant market potential for Technegas and are currently being targeted with clinical studies now underway. Our pursuit of an expanded indication is fuelled by the market potential as we estimate that the COPD market is 15 to 20 times the size of that of the pulmonary embolism market we currently occupy.

Leveraged off our Cyclopet diversification strategy, in 2011 management initiated some Research and Development initiatives that represent some exciting commercial potential for your company. I look forward to sharing the details of these initiatives in the coming months once our Intellectual Property rights are secured through patent protection.

While the market for PET radiopharmaceuticals manufactured by Cyclopet is growing, the market has not reached our initial expectations. The Directors maintain their view that the Cyclotron facility is a major investment that will yield significant long term returns for the Company but recognise that the interim working capital shortfall will require funding from the Technegas business. Part of the proceeds from the capital raising exercise completed in December 2011 will be used to fund the operations of the Molecular Imaging Division. The lagging market combined with competition from government owned enterprises requires additional capital to support this new venture.

In the near term, Cyclopet will pursue additional FDG customers in NSW and evaluate opportunities for expansion within the Australasian region. On 24 August 2012, Cyclopharm announced that a tripartite agreement was signed with Queensland's Mater Misericordiae Health Services group and Queensland XRay, a wholly owned subsidiary of Sonic Healthcare Limited. The agreement will see the establishment of a cyclotron manufacturing facility at the Mater Hospital located in South Brisbane by 2014.

We expect the historical trend of stronger Technegas sales revenue in the second half of 2012. However, we forecast that the second half of 2012's profitability will continue to be adversely impacted by the issues faced by Cyclopet.

On 28 June 2012, it was announced that Cyclopet has commenced proceedings in the Federal Court of Australia against Petnet claiming damages for breaches of various Commonwealth Acts. I look forward to updating shareholders as this case progresses.

3. Net tangible assets

	30 June 2012	30 June 2011
Net Tangible Assets per security	$0.05	$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 2012	30 June 2011
Macquarie Medical Imaging Pty Ltd	20%	20%

The share of the associate's loss for the period was $nil (2011: $388,628).

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 2012

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Contents

Highlights

Half Year ended 30 June		2011	2012	Inc/(Dec)	% Change
Sales Revenue	$	3,615,429	4,122,090	506,661	14%
Loss before tax and finance costs	$	(1,460,428)	(1,066,972)	393,456	27%
Net Loss after tax	$	(1,533,793)	(1,275,129)	258,664	17%
Loss Per Share	cents	(0.90)	(0.64)	0.26	29%

Technegas
Technegas business remains solid with revenue increasing by 6% while the volume of Patient Administration Sets (PAS) units sold increased 27% over the prior year.

United States Food and Drug Administration (FDA) Phase 3 clinical trials with Technegas to commence August 2012.

Molecular Imaging – second year of operations
Our wholly owned subsidiary, CycloPet Pty Ltd, which operates a cyclotron facility at Macquarie University Hospital (MUH), is in its second year of operations with revenue increasing 91% over the prior year.

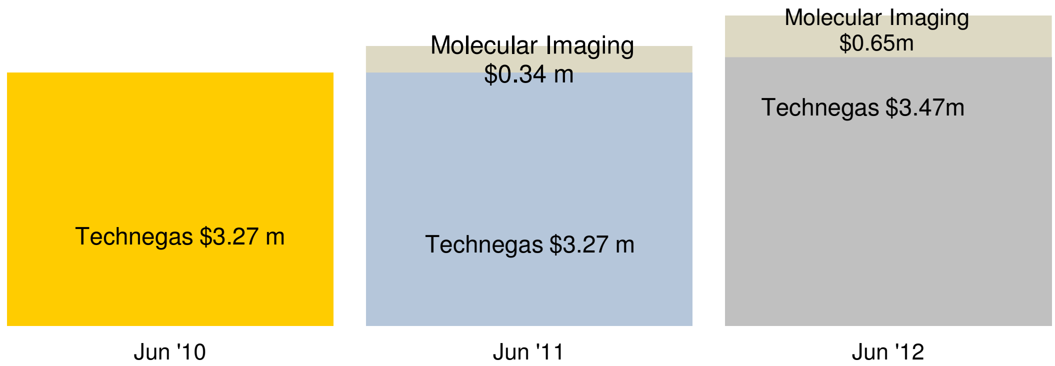
Macquarie Medical Imaging
Our joint venture business, Macquarie Medical Imaging (MMI) has completed its second full year of operations at Macquarie University Hospital. MMI provides patients at the hospital and neighbouring suburbs access to a state of the art imaging facilities offering a full range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

Managing Director’s Review

FEATURES

I am pleased to inform shareholders that each one of our core businesses is in the market generating revenue. Given the hard work undertaken to implement the company’s diversification strategies, this is an excellent position to be in.

Firstly, our cyclotron facility at Macquarie University Hospital (MUH) which has been operational since December 2010, has achieved significant sales growth of 91% for this half year period. Secondly, we continue to be encouraged by the growth in patient volumes seen through Macquarie Medical Imaging (MMI), our joint venture diagnostic imaging service located at Macquarie University Hospital which has been in business for 24 months.



Group Revenue by segment

While it is pleasing to have achieved meaningful growth in our Molecular Imaging division, Technegas remains the financial foundation of the group, recording 84% (2011: 91%) of sales in the first half.

The group’s net loss after tax for the half year was $1,275,129 (2011: loss of $1,533,793). The financial performance of our Molecular Imaging division continues to be subdued although losses have been reduced as revenue from the cyclotron picks up and no further losses are recorded for our share of MMI’s losses as the investment has been fully written down as at 31 December 2011 (2011: loss of $388,628). The Molecular Imaging division’s loss before tax and finance costs was $691,840 (2011: loss of $1,198,920) arising solely from the cyclotron operational loss (2011: loss of $810,292). The Molecular Imaging division’s loss was primarily attributed to the impact of ANSTO’s competitive actions in the NSW market and a slower than expected ramp-up of Macquarie University Hospital.

On a positive note, the Technegas business continues to perform strongly. Volume sales of the Company’s key product Patient Administration Sets (PAS) were 27% higher than the prior year. However, gross profit margins were 1% lower as unit prices were impacted by the Australian dollar which strengthened 7% against the Euro and 3% against the Canadian dollar.

Your Directors expect significantly stronger sales of Technegas in the second half and continued meaningful growth in revenues from the Molecular Imaging division in Fluro Deoxy Gloucose (FDG) sales. Cyclopet’s purpose built cyclotron facility supplies FDG, the primary radioisotope used for Positron Emission Tomography (PET) scans at MMI, the imaging centre at Macquarie University Hospital.

Managing Director's Review
Continued

OPERATING REVIEW

TECHNEGAS

Despite the rising Australian dollar, sales revenue from ordinary activities of $3.47m (2011: $3.27m) was 6% higher (2011: no change) with the prior comparative period. A slightly larger loss before income tax of $386,427 was recorded compared with a loss before income tax of $317,397 in 2011 and was predominantly attributed to realised exchange losses of $125,742 (2011: $52,893 realised exchange gains).

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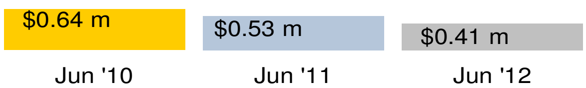
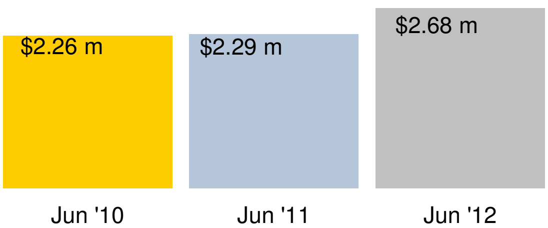
Technegas Market Review



Group, Technegas Generator Revenue



Group, PAS Revenue

Europe

During the period, 42% (2011: 36%) of Cyclopharm's revenues were recorded in Europe once again demonstrating the region's importance. Sales revenue of $1.44 million was 23% higher than $1.17 million recorded in the prior year. Traditionally, the bulk of sales in Europe are incurred in the second half of the year. We expect this trend to continue.

North America

There was a 4% growth in PAS units sold in Canada compared to the same period last year. Despite the volume growth, foreign exchange impacted results with only 1% growth in 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 should our approval to sell Technegas be obtained.

Asia Pacific

In Asia Pacific, we recorded revenues 19% lower than the same time last year. In Australia, sales were 21% lower in the first half of 2012 compared to 2011. Generator sales were disappointing with only 1 new generator sold compared to 6 for the same period in 2011. Australian PAS sales fell 7% compared to the same period in 2011.

Managing Director's Review
Continued

New Drug Application

As announced in December 2011, we have received approval from the United States Food and Drug Administration (FDA) to proceed with Phase 3 clinical trials which we expect to commence before the release of this report this quarter. We have suffered a setback recently in commencing this trial due to a shortage of Xenon-133 which is the product which will be used as a control standard for the trial and finalising the agreements with the clinical sites conducting the trial.

As the USA represents such a major growth opportunity, the Directors are compelled to continue to drive for FDA approval but will ensure we do so prudently.

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

MOLECULAR IMAGING

CycloPet

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Market growth has been significantly impacted as a consequence of the NSW tender to supply PET radiopharmaceuticals to public hospitals in NSW being awarded to PetNet Australia, a wholly owned subsidiary of the Australian Nuclear Science and Technology Organisation (ANSTO). The overall loss before tax and finance for the period amounted to $691,840 (2011: loss of $810,292).

Based on a complaint from CycloPet, PetNet Australia was subject to an investigation by the Australian Government Competitive Neutrality Complaints Office (AGCNCO), an independent division of the Productivity Commission. The AGCNCO handed down a rare finding in favour of CycloPet finding that PetNet Australia, being a government owned enterprise, was in ex ante breach of its competitive neutrality requirements.

ANSTO on behalf of PetNet has refuted this finding and as a consequence CycloPet has commenced proceedings in the Federal Court claiming breaches to section 52 of the Trade Practices Act 1974 (Commonwealth), and the Competition and Consumer Act 2010.

I look forward to updating shareholders as the case progresses.

MACQUARIE MEDICAL IMAGING

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Continued

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James S McBrayer

James McBrayer
Managing Director

Sydney, 30 August 2012

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 2012.

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 (resigned on 29 February 2012)

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 $1,275,129 (2011: loss after tax of $1,533,793).

DIVIDENDS

No dividends were declared or paid during the half year ended 30 June 2012.

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

On 24 August 2012, Cyclopharm announced that a tripartite agreement was signed with Queensland's Mater Misericordiae Health Services group and Queensland XRay, a wholly owned subsidiary of Sonic Healthcare Limited. The agreement will see the establishment of a cyclotron manufacturing facility at the Mater Hospital located in South Brisbane by 2014.

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 Company, the results of those operations, or the state of affairs of the Company in future financial periods.

cyclopharm
Nuclear Medicine

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, 30 August 2012

Russell Bedford
New South Wales

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

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W: www.russellbedford.com

30 August 2012

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

LEAD AUDITORS 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 2012 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
Associate

Statement of Comprehensive Income

for the half year ended 30 June 2012

	Notes	Consolidated 30 June 2012 $	30 June 2011 $
CONTINUING OPERATIONS			
Sales revenue		4,122,090	3,615,429
Finance revenue		18,954	12,923
Total Revenue		**4,141,044**	**3,628,352**
Cost of materials and manufacturing		(1,201,076)	(1,161,769)
Employee benefits expense		(1,595,479)	(1,627,112)
Advertising and promotion expense		(131,067)	(144,709)
Depreciation and amortisation expense		(327,393)	(331,262)
Freight and duty expense		(272,213)	(151,331)
Research expenses		(8,814)	(18,999)
Administration expense		(1,217,360)	(1,047,114)
Other expenses		(454,614)	(217,856)
Share of loss of an associate		-	(388,628)
Loss before tax and finance costs		**(1,066,972)**	**(1,460,428)**
Finance costs		(211,231)	(211,678)
Loss before income tax		**(1,278,203)**	**(1,672,106)**
Income tax benefit / (expense)		3,074	138,313
Net loss for the period		**(1,275,129)**	**(1,533,793)**
Other comprehensive loss after income tax			
Exchange differences on translating foreign controlled entities		(74,223)	(71,829)
Total comprehensive loss for the year		**(1,349,352)**	**(1,605,622)**
Loss per share (cents per share)	4	**cents**	**cents**
-basic loss per share for continuing operations		(0.64)	(0.90)
-basic loss per share		(0.64)	(0.90)
-diluted loss per share		(0.64)	(0.90)

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 2012

	Notes	Consolidated 30 June 2012 $	Consolidated 31 December 2011 $
Assets			
Current Assets			
Cash and cash equivalents		1,939,216	2,043,814
Trade and other receivables		2,693,671	4,139,147
Inventories		2,627,718	2,487,081
Other assets - prepayments		60,634	17,282
Total Current Assets		**7,321,239**	**8,687,324**
Non-current Assets			
Trade and other receivables		53,358	80,087
Property, plant and equipment		9,331,945	9,717,488
Intangible assets		3,044,846	2,808,314
Total Non-current Assets		**12,430,149**	**12,605,889**
Total Assets		**19,751,388**	**21,293,213**
Liabilities			
Current Liabilities			
Trade and other payables		1,390,743	1,110,406
Deferred income		82,998	-
Interest bearing loans and borrowings	5	4,203,733	4,803,156
Provisions		708,494	645,716
Tax liabilities		-	16,090
Total Current Liabilities		**6,385,968**	**6,575,368**
Non-current Liabilities			
Interest bearing loans and borrowings	5	19,286	21,297
Provisions		64,144	64,410
Deferred tax liabilities		26,429	27,339
Total Non-current Liabilities		**109,859**	**113,046**
Total Liabilities		**6,495,827**	**6,688,414**
Net Assets		**13,255,561**	**14,604,799**
Equity			
Contributed equity	6	13,061,952	13,065,192
Employee equity benefits reserve		325,553	322,199
Foreign currency translation reserve		(1,806,916)	(1,732,693)
Retained Profits		1,674,972	2,950,101
Total Equity		**13,255,561**	**14,604,799**

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 2012

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Operating activities		
Receipts from customers	5,550,943	5,297,244
Payments to suppliers and employees	(4,592,059)	(4,020,522)
Interest received	18,954	12,923
Borrowing costs paid	(211,231)	(211,678)
Income tax paid	(13,926)	(293,255)
Net cash flows from operating activities	**752,681**	**784,712**
Investing activities		
Investment in associates	-	(200,000)
Purchase of property, plant and equipment	87,974	(200,350)
Payments for deferred expenditure	(266,356)	(95,771)
Net cash flows used in investing activities	**(178,382)**	**(496,121)**
Financing activities		
Costs of raising capital	(3,240)	-
Repayment of bank borrowings	(600,000)	(661,400)
Repayment of lease liabilities	(1,434)	(1,255)
Net cash flows used in financing activities	**(604,674)**	**(662,655)**
Net decrease in cash and cash equivalents	**(30,375)**	**(374,064)**
Cash and cash equivalents		
at beginning of the period	**2,043,814**	**1,541,644**
net foreign exchange differences from translation	(74,223)	(71,829)
at end of the period	**1,939,216**	**1,095,751**

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 2012

Consolidated	Contributed Equity $	Other Contributed Equity $	Total Contributed Equity $	Retained Profits $	Foreign Currency Translation Reserve $	Employee Equity Benefits Reserve $	Total $
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**
Loss for the half year	-	-	-	(1,533,793)	-	-	(1,533,793)
Other comprehensive income	-	-	-	-	(71,829)	-	(71,829)
Total comprehensive loss for the half year	**-**	**-**	**-**	**(1,533,793)**	**(71,829)**	**-**	**(1,605,622)**
Cost of share based payments	-	-	-	-	-	4,025	4,025
Total transactions with owners and other transfers	**-**	**-**	**-**	**-**	**-**	**4,025**	**4,025**
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**
Balance at 1 January 2012	**18,398,350**	**(5,333,158)**	**13,065,192**	**2,950,101**	**(1,732,693)**	**322,199**	**14,604,799**
Loss for the half year	-	-	-	(1,275,129)	-	-	(1,275,129)
Other comprehensive income	-	-	-	-	(74,223)	-	(74,223)
Total comprehensive loss for the half year	**-**	**-**	**-**	**(1,275,129)**	**(74,223)**	**-**	**(1,349,352)**
Cost of raising capital	(3,240)	-	(3,240)	-	-	-	(3,240)
Cost of share based payments	-	-	-	-	-	3,354	3,354
Total transactions with owners and other transfers	**(3,240)**	**-**	**(3,240)**	**-**	**-**	**3,354**	**114**
Balance at 30 June 2012	**18,395,110**	**(5,333,158)**	**13,061,952**	**1,674,972**	**(1,806,916)**	**325,553**	**13,255,561**

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 2012

1. CORPORATE INFORMATION

The Half Year financial report of Cyclopharm Limited for the half year ended 30 June 2012 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 Director's Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 30 June 2012 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 2011, 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, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the December 2011 annual report.

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

For the half-year reporting period to 30 June 2012, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group. A discussion of these new and revised requirements that are relevant to the Group is provided below:

- AASB 124: Related Party Disclosures (December 2009)

  AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following:
  - The definition of a "related party" is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
    - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other ;
    - entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;

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)*

- the definition now identifies that, whenever a person or entity had both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
- the definition now clarifies that a post-employment benefit plan and employer sponsor of such a plan are related parties of each other.

- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

  Application of AASB 124 (December 2009) did not have a signification impact on the financial statements of the Group.

- AASB2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB1, AASB7, AASB101 & AASB134 and Interpretation 13]

  This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements projects. Key changes include:
  - clarifying the application of AASB 108 prior to an entity's first Australian-Accounting – Standards financial statements;
  - adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
  - amending AASB 101 to clarify that disaggregation of changes in each components of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
  - adding a number of examples to the list of events and transaction that require disclosure under AASB 134; and
  - making sundry editorial amendments to various Standards and Interpretations.

  Application of the amendments in AASB 2010-4 did not have a significant impact on the financial statement of the Group.

- AASB1054: Australian Additional Disclosures and AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]

  AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

  Application of AASB 1054 did not have a significant impact on the financial statement of the Group.

Notes
Continued

b) Going Concern

The consolidated entity incurred a loss after tax of $1,275,129 for the half-year ended 30 June 2012. During the next 18 months, the consolidated entity expects to expend $1.1m on FDA clinical trials, $1.8m on bank loan repayments and other net outgoings which in aggregate, exceed the current cash facilities. In addition, the consolidated entity had breached one of its banking covenants during the year ended 31 December 2011 as disclosed in Note 5.

These matters give rise to a material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern.

Management have prepared cash flow projections that support the ability of the consolidated entity to continue as a going concern. The ongoing operation is dependant upon continued financial support from financiers and a capital raising from shareholders. The directors have obtained a letter of support from the company's key shareholder confirming their willingness to underwrite a future capital raising within the next twelve months if necessary. Consequently the directors are of the opinion that the consolidated entity can and will continue as a going concern.

In the event that the consolidated entity does not achieve the above, 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 2012	Consolidated Technegas $	Molecular Imaging $	Total $
Revenue			
Sales to external customers	3,470,127	651,963	4,122,090
Finance revenue	18,730	224	18,954
Total segment revenue	**3,488,857**	**652,187**	**4,141,044**
Result			
Loss before tax, depreciation and finance costs	**(257,442)**	**(482,137)**	**(739,579)**
Depreciation and amortisation	(117,690)	(209,703)	(327,393)
Loss before tax and finance	**(375,132)**	**(691,840)**	**(1,066,972)**
Finance costs	(11,295)	(199,936)	(211,231)
Loss before tax	**(386,427)**	**(891,776)**	**(1,278,203)**
Income tax benefit	3,074	-	3,074
Net Loss for the period	**(383,353)**	**(891,776)**	**(1,275,129)**
Assets and liabilities			
Segment assets	9,491,610	10,259,778	19,751,388
Segment liabilities	2,040,117	4,455,710	6,495,827

Notes

Continued

3. SEGMENT REPORTING

For the period ended 30 June 2011	Technegas $	Molecular Imaging $	Total $
		Consolidated	
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 expense	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

4. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	30 June 2012 $	31 December 2011 $
Net assets per share	0.07	0.08
Net tangible assets per share	0.05	0.07
	Number	Number
Weighted average number of ordinary shares for net assets per share	197,886,313	174,469,063
	30 June 2012 $	31 December 2011 $
Net assets	13,255,561	14,604,799
Net tangible assets	10,317,835	11,796,485

The weighted average number of ordinary shares includes the 52,566,802 shares issued in December 2011 in connection with the capital raising exercise and the consolidation of 5 fully paid ordinary shares into 1 fully paid ordinary share completed on 4 June 2012 which was approved by the shareholders in the Annual General Meeting on 24 May 2012.

Loss per share

	Consolidated	
	30 June 2012 $	30 June 2011 $
Net loss attributable to equity holders of the parent	(1,275,129)	(1,533,793)
	Number	Number
Weighted average number of ordinary shares for basic loss per share	197,886,313	171,012,616
	cents	cents
- basic loss per share for continuing operations	(0.64)	(0.90)
- basic loss per share	(0.64)	(0.90)
- diluted loss per share	(0.64)	(0.90)
Weighted average number of ordinary shares for basic loss per share	197,886,313	171,012,616

The weighted average number of ordinary shares includes the 52,566,802 shares issued in December 2011 in connection with the capital raising exercise and the consolidation of 5 fully paid ordinary shares into 1 fully paid ordinary share completed on 4 June 2012 which was approved by the shareholders in the Annual General Meeting on 24 May 2012.

Notes

Continued

5. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	30 June 2012	31 December 2011
	$	$
Current		
Lease liabilty	3,733	3,156
Bank loan - secured (i)	4,200,000	4,800,000
Interest bearing loans and liabilities (current)	**4,203,733**	**4,803,156**
Non-current		
Lease liabilty	19,286	21,297
Interest bearing loans and liabilities (non-current)	**19,286**	**21,297**
Total financial liabilities	**4,223,019**	**4,824,453**
Total facilities	4,200,000	4,800,000
Facilities used at reporting date	(4,200,000)	(4,800,000)
Facilities unused at reporting date	**-**	**-**

(i) Cyclopharm has a flexible rate loan provided by the National Australia Bank. The facility expires on 31 December 2015. The facility is secured by a first registered mortgage debenture over Cyclopharm Limited and a guarantee and indemnity from Cyclomedica Australia Pty Ltd, CycloPet Pty Ltd, Allrad No. 28 Pty Ltd and Allrad No. 29 Pty Ltd. The National Australia Bank has a registered Fixed and Floating Charge and First Registered Debenture charges over these companies.

The bank has agreed not to take action at this point in time although the Group breached one of its banking covenants during the year ended 31 December 2011, being an Event of Default triggered by variances greater than 15% of Actual Earnings Before Interest and Taxes (EBIT) as compared to Budgeted EBIT.

Notes

Continued

6. CONTRIBUTED EQUITY

		Consolidated			
		30 June 2012	30 June 2011	30 June 2012	30 June 2011
	Notes	Number	Number	$	$
Issued and paid up capital					
Ordinary shares	(i)	44,715,882	171,012,616	18,395,110	16,422,066
Other contributed equity		-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**44,715,882**	**171,012,616**	**13,061,952**	**11,088,908**
Ordinary shares					
Issued and paid up capital					
Balance at the beginning of the period		223,579,418	171,012,616	18,398,350	16,422,066
Costs arising from issue of renounceable rights shares		-	-	(3,240)	-
Share consolidation	(i)	(178,863,536)	-	-	-
Balance at end of period		**44,715,882**	**171,012,616**	**18,395,110**	**16,422,066**

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) On 4 June 2012, the Company completed a consolidation of its issued capital on a basis that every 5 fully paid ordinary shares was consolidated into 1 fully paid ordinary share as approved by shareholders at the Annual General Meeting held on 24 May 2012.

Notes

Continued

7. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

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

	Consolidated	
	30 June 2012	31 December 2011
	$	$
Operating Lease Commitments		
Minimum lease payments		
Due not later than one year	407,625	491,537
Due later than 1 year & not later than 5 years	902,880	1,155,100
More than 5 years	846,258	1,066,176
Total operating lease commitments	**2,156,763**	**2,712,813**
Operating lease expenses recognised as an expense during the period	263,820	487,506

- The Group has entered into commercial leases on office space within certain buildings. These leases have an average life of between 3 to 5 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.
- Cyclopet Pty Ltd has entered into a commercial lease for the PET Facility at Macquarie University Hospital. The lease has a term of 10 years and commenced upon commissioning of the Hospital in June 2010.
- The Group also has entered into commercial leases on motor vehicles that have an average life of approximately 3 to 5 years.

(b) Finance lease commitments

		Consolidated	
		30 June 2012	31 December 2011
	Notes	$	$
Finance Lease Commitments			
Minimum lease payments			
Due not later than one year	(i)	3,733	3,156
Due later than 1 year & not later than 5 years	(i)	19,286	21,297
Total finance lease commitments		**23,019**	**24,453**

(i) The Group also has entered into a commercial lease on motor vehicles that have a life of 5 years. This lease is secured against the underlying assets.

Notes
Continued

7. COMMITMENTS AND CONTINGENCIES (continued)

(c) Other commitments

	Consolidated	
	30 June 2012	31 December 2011
	$	$
The company has the following other commitments:		
Not later than one year	4,200,000	4,800,000
Total	**4,200,000**	**4,800,000**

Cyclopharm has a flexible rate loan provided by the National Australia Bank. The facility expires on 31 December 2015. The facility is secured by a first registered mortgage debenture over Cyclopharm Limited and a guarantee and indemnity from Cyclomedica Australia Pty Ltd, CycloPet Pty Ltd, Allrad No. 28 Pty Ltd and Allrad No. 29 Pty Ltd. The National Australia Bank has a registered Fixed and Floating Charge and First Registered Debenture charges over these companies.

The bank has agreed not to take action at this point in time although the Group breached one of its banking covenants during the year ended 31 December 2011, being an Event of Default triggered by variances greater than 15% of Actual Earnings Before Interest and Taxes (EBIT) as compared to Budgeted EBIT.

(d) Capital commitments

There were no material changes to the commitments disclosed in the 2011 Annual Report as at the date of this report.

Notes

Continued

7. COMMITMENTS AND CONTINGENCIES (continued)

(e) Contingent liabilities

(i) Cyclopharm Limited and CycloPet Pty Ltd have jointly guaranteed with other investors to provide 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 being 20% of the gross liability amount. The consolidated entities contingent obligation at balance date was $2,788,925 (31 December 2011: $2,886,691).

(ii) Pursuant to a Shareholders' Agreement, Cyclopet Pty Limited (a wholly owned subsidiary of Cyclopharm Limited) issued 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 estimated cost to Cyclopet had the put option been exercised at balance date, was $546,794 (31 December 2011: $419,788).

(f) Contingent assets

Based on a complaint from CycloPet Pty Ltd, PetNet Australia, a wholly owned subsidiary of the Australian Nuclear Science and Technology Organisation (ANSTO) was subject to an investigation by the Australian Government Competitive Neutrality Complaints Office (AGCNCO), an independent division of the Productivity Commission. The AGCNCO handed down a finding in favour of CycloPet Pty Ltd finding that PetNet Australia, being a government owned enterprise, was in ex ante breach of its competitive neutrality requirements.

ANSTO on behalf of PetNet Australia has refuted this finding and as a consequence CycloPet Pty Ltd has commenced proceedings in the Federal Court claiming breaches to section 52 of the Trade Practices Act 1974 (Commonwealth), and the Competition and Consumer Act 2010.

Based on legal advice, the Directors believe CycloPet Pty Ltd has a strong case. The directors are unable to quantify the damages as at the date of this report.

Notes
Continued

8. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the period.

9. EVENTS AFTER THE BALANCE SHEET DATE

On 24 August 2012, Cyclopharm announced that a tripartite agreement was signed with Queensland's Mater Misericordiae Health Services group and Queensland XRay, a wholly owned subsidiary of Sonic Healthcare Limited. The agreement will see the establishment of a cyclotron manufacturing facility at the Mater Hospital located in South Brisbane by 2014.

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 Company, the results of those operations, or the state of affairs of the Company in future financial periods.

cyclopharm
Nuclear Medicine

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 2012 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 S McBrayer

James McBrayer
Managing Director & CEO

Sydney, 30 August 2012

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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 2012, and 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 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 2012 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 the 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 2012 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 2012 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(b) 'Going Concern' in the financial statements, which identifies that the consolidated entity incurred a loss of $1,275,129 for the half-year ended 30 June 2012 and expects net cash outflows over the next 12 months to exceed the current cash facilities. These conditions, along with other matters as set forth in Note 2(b) '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
Associate

Sydney, dated this 30th day of August 2012

General Information

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Vanda Gould
Non-Executive Chairman

James McBrayer
Managing Director & CEO

David Heaney
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).