Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2014

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	No of Pages	44 incl. cover
Date	29 August 2014		
From	James McBrayer		
Subject	**Appendix 4D**		

Please see attached 30 June 2014 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

Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2014

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 2014	30 June 2013

The information contained in this report is to be read in conjunction with Cyclopharm Limited's 2013 Annual Report and any announcements to the market by Cyclopharm Limited during the half year ended 30 June 2014 and up until the date of this Appendix 4D.

2. Results for announcement to the market

2.1 Revenues from ordinary activities	Up 37%	to	6,554,374
2.2 Profit from ordinary activities after tax attributable to members	Up 182%	of	923,417
2.3 Profit for the period attributable to members	Up 182%	of	923,417

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.

Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2014

OVERVIEW

The group's net profit after tax for the half year was $923,417 (2013: restated loss of $1,127,207). Volume sales of TechnegasPlus generators grew by 47% while Patient Administration Sets were 23% higher supported by a favourable 13% movement in the Euro to Australian Dollar. The improved result was also due to the recognition of other income of $244,920. This related to a deposit recovered which was fully provided for in prior periods. Legal costs were lower by $191,033 with work substantially performed in 2013 while depreciation of $189,200 was no longer required after recognising the $8.86 million impairment charge to the property, plant and equipment of the Molecular Imaging division in the previous year's results. FDA expenses of $311,995 (2013: $140,893) were incurred during the current period. The FDA expenses incurred in the 2013 year and prior periods were previously capitalised as Intangible Assets.

With the cessation of the Molecular Imaging division's commercial operations at the end of April 2014, Technegas contributed 92% of group sales revenue in the first half (2013: 86%) and EBITDA for the period of $1,438,186 (2013: $76,452).

Notwithstanding the decision to cease CycloPet's operations, our Cyclotron facility located at Macquarie University Hospital had recorded sales growth during its last 4 months of operations, with the number of Fluoro Deoxy Glucose (FDG) patient doses sold improving by 12% from 1,860 doses (year to date April 2013) to 2,077 doses (year to date April 2014). However, the business remained unprofitable and had poor prospects for a return to profitability. For the half year, the Molecular Imaging division recorded a loss before tax and finance costs of $506,305 (2013: loss of $1,256,295).

TECHNEGAS

Sales revenue from ordinary activities of $6.01m (2013: $4.08m) was 47% higher than the prior corresponding period. Gross profit margins as a percentage of sales increased from 74% to 76%. A profit before income tax of $1,318,655 was recorded compared with a loss before income tax of $42,797 in the previous period. The improved profitability was predominantly attributed to increased sales to the European market.
Revenue from the division's key product, Patient Administration Sets ("PAS") was 46.3% higher at $4.72 million compared to $3.23 million the same period in 2013 with volumes increasing by 17,250 units or 23% to 93,650 units.
Revenue from Technegas Generators improved by $0.3 million to $0.7 million, underpinned by the sales of 25 Generators in the first half, 8 units more than the same period last year.

Operating costs of $2.71 million were 5% above that of the prior corresponding period of $2.57 million.

MOLECULAR IMAGING

CycloPet

As outlined above, in spite of the decision to cease CycloPet's operations, our Cyclotron facility located at Macquarie University Hospital had recorded sales growth during its last 4 months of operations, with the number of Fluoro Deoxy Glucose (FDG) patient doses sold improving by 12% from 1,860 doses (year to date April 2013) to 2,077 doses (year to date April 2014). The division's loss before tax of $562,133 for the half year was a significant improvement to the prior period's loss of $1,388,444.

In addition, we announced on 20 June 2014 that substantial water damage occurred to our cyclotron facility in the course of extinguishing a fire in the carpark on the floor above our site. The cyclotron facility is fully insured and we expect that the claim will be significant. The first progress payment claim of $0.3 million was received in early August 2014.

On a positive note, we are pleased to update you that on 26 August 2014, Cyclopharm announced to the exchange that after a successful mediation, Cyclopet Pty Ltd, Petnet Australia and ANSTO have agreed to settle the legal proceedings. Without admission of liability, the parties have paid $2.65 million to Cyclopet while papers have been lodged to discontinue legal proceedings.

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. Sales revenue continues to increase – up 27% in the current half year - as initiatives being implemented at MUH, including a new breast cancer clinic and expanded specialties such as cardiothoracic services, cancer care services and expanded PET indications take effect.

The joint venture is accounted for on an equity basis due to Cyclopharm's minority shareholding. As a result, MMI's full accounts are not consolidated into our accounts. During the period, Cyclopet Pty Ltd received a repayment of $60,000 which it had loaned to Macquarie Medical Imaging in 2013. A share of the associate's losses had been recognised under the equity method in 2013 as it was not expected to be repaid in the short term. The share of the associate's losses has been reversed during the current period in view of the amount received.

USA

Cyclopharm announced to the Australian Securities Exchange in November 2012 that the Technegas Clinical trial required for market entry into the United States had commenced at New York's Presbyterian/Columbia University Medical Center. A total of 750 patients are required for the study. Despite screening numerous patients thus far and modifying the enrolment requirements last year, fewer than 30 have been imaged to date. In parallel with expanding the number of clinical trial sites, the company has developed a proposal to the FDA that will address the protocol impediments. The Company is meeting with the Food and Drug Administration (FDA) in September 2014 to propose significant modification to our clinical trial program. If accepted the proposed changes should result in a simplified study that will ultimately allow for an expedited market approval.

I share my fellow Directors' confidence that our application for market entry into the United States will ultimately be successful. As the USA represents a major growth opportunity, the Directors are determined to continue to drive for FDA approval but will ensure we do so cautiously and prudently.

As a consequence of discussions with ASIC, I wish to highlight that a prior period adjustment to de-recognise previously capitalised costs of $3,380,387 as at 1 January 2014 in relation to the FDA trials has been effected in the current period's accounts while costs and balances relating to prior periods have been restated. Going forward, the Directors wish to point out that that by treating further expenditure on the FDA trials as an expense, as opposed to an intangible asset in previous accounts, will impact adversely on Cyclopharm's results until FDA approval is achieved.

New Drug Application

Cyclopharm continues to develop new indications for Technegas. Other disease states beyond pulmonary embolism, 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 the pulmonary

embolism market we currently occupy.

Stated simply, Technegas has the potential to be used not only for early diagnosis of COPD but also on a recurrent basis for COPD management.

The opportunity presented by this discovery may lead to a significant expansion of the use of Technegas globally. For example, in Australia, 1 in 5 Australians can expect to suffer from COPD in their lifetime, and in China it has been estimated that there will be 65 million deaths from COPD and 18 million deaths from lung cancer between 2003 and 2033.

In May 2013 we were delighted to announce we had initiated a 500 person pilot clinical trial in China, targeting the use of Technegas for the diagnosis of COPD.

The commencement of this trial coincided with the results of a study published in the North American Journal of Nuclear Medicine by Canadian researchers from McMaster University and the Firestone Institute for Respiratory Health, which demonstrated that Technegas detected changes in lung ventilation and perfusion before structural changes in the lungs were detected by CT scans.

Site initiation at five hospitals in China was completed in February 2014 and patient recruitment has commenced and I look forward to providing you with updates as they become available.

ULTRALUTE™

After almost 2 years since the development project commenced, in April 2013, we were delighted to announce that Cyclopharm had developed a unique patented Nuclear Medicine technology – Ultralute™. Cyclopharm's Ultralute™ technology extends the useful life of Mollybdenum-99 (Mo-99) generators by up to an additional 50%. This technology potentially gives nuclear medicine departments the ability to dramatically improve their operating efficiencies and health outcomes for patients.

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

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

Initial testing and prototype designs of the Ultralute™ technology have provided exceptional results. Global industry interest in our Ultralute™ technology is strong and continues to accelerate.

We have finalised the design of the Ultralute™ technology and are moving towards commercial production. We are very excited by the commercial prospects for Ultralute™ and are confident it provides Cyclopharm with the basis for outstanding shareholder returns over the longer term.

OUTLOOK

In the second half of 2014, we expect consistent Technegas revenues from both targeted marketing in Europe as well as growth following regulatory approval in Japan and Russia. Furthermore, the second half of 2014's profitability will be significantly enhanced by the $2.65 million settlement as a result of the successful outcome of the mediation.

We look forward to introducing Technegas to the United States market following successful completion of our Phase 3 clinical trial, and subsequent approval by the FDA. Despite bringing new centres on, we are very disappointed with the patient enrolment. To that point, we will be meeting with the FDA in September 2014 to discuss the current trial and propose an alternate

strategy that if agreed to should provide us with a less complicated and costly pathway to approval. I look forward to updating shareholders following the outcome of our FDA discussions.

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

Excluding the mediation proceeds of $2.65 million, we expect the Molecular Imaging division to continue recording an operating loss in the second half of 2014 arising from winding down costs and expenditure on legal fees up to and including the mediation. Certain employees originally to be retrenched have been retained to assist with the restoration of the cyclotron which is expected to take up to 9 months. Such costs in the near term will be offset by the insurance claim yet to be fully estimated.

We estimate monthly operating costs of $0.043 million in 2015 once the cyclotron has been fully repaired and we will continue to utilise the Cyclotron facility at Macquarie University Hospital to progress some of the company's research and development activities until a longer-term use for the facility is ascertained to include the potential sale of the asset.

We continue to focus on moving towards commercial production of the Ultralute™ technology while in parallel entering in discussions with potential commercial partners. Global industry interest in our Ultralute™ technology is strong and continues to accelerate. We look forward to making further announcements this year regarding Ultralute's™ progress towards commercialisation and are excited about its potential to form the basis of Cyclopharm's next stage of growth.

As a result of the restructuring of our business and ceasing operations that compete directly with Government owned enterprises, Cyclopharm will become much simpler and more profitable going forward, as evidenced by our impressive half year operating results. We will be in a significantly stronger position to realise the potential of our highly profitable and cash-generating Technegas business in international markets and to continue the development of our patented Ultralute™ technology.

The Directors maintain their view that FDA approval to sell Technegas into the USA market provides Cyclopharm with the opportunity to significantly expand its sales and profitability. Proceeds from the mediation will be used to retire the outstanding bank loan and will contribute towards the development of Ultralute™ and expenditure on FDA clinical trials. However, we wish to highlight that as expenditure incurred in relation to the FDA trials will be expensed rather than capitalised, Cyclopharm's results will be adversely impacted when clinical trials ramp up in 2015.

In summary, I believe that the second half of 2014 will represent a significant turning point for the company. Much of the issues that have hindered our progress in the past few years have been addressed. I look forward to updating our shareholders as we gain momentum in delivering on our tangible growth objectives.

3. Net tangible assets

	30 June 2014	30 June 2013
Net Tangible Assets per security	$0.06	$0.20

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 2014	30 June 2013
Macquarie Medical Imaging Pty Ltd	20%	20%

The reversal of share of the associate's loss for the period was $60,000 (2013: $60,000 share of loss).

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 2014

cyclopharm

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Contents

Highlights

Half Year ended 30 June		2013	2014	Inc/(Dec)	% Change
Sales Revenue	$	4,769,554	6,554,374	1,784,820	37%
(Loss) / Profit before tax and finance costs	$	(1,289,268)	823,328	2,112,596	164%
Net (Loss) / Profit after tax	$	(1,127,207)	923,417	2,050,624	182%
(Loss) / Earnings Per Share	cents	(1.95)	1.61	3.56	183%

Technegas

Technegas business remains solid with revenue increasing by 47% while the volume of Technegas generators and Patient Administration Sets (PAS) units sold increased 47% and 23% respectively over the prior year. Net profit of $1.486 million recorded for the current period.

Meeting with United States Food and Drug Administration (FDA) in September 2014 to work on an alternative approach to fast track the approval process.

Expansion of Technegas use into the Chronic Obstruction Pulmonary Disease (COPD) market with the commencement of a pilot clinical trial in China with patient recruitment commencing in February 2014.

Molecular Imaging

Our wholly owned subsidiary, CycloPet Pty Ltd, which operates a cyclotron facility at Macquarie University Hospital (MUH), ceased commercial operations at the end of April 2014. After a successful mediation, PetNet Australia and ANSTO have paid $2.65m to CycloPet in August 2014 while papers have been lodged to discontinue legal proceedings.

Macquarie Medical Imaging

Our joint venture business, Macquarie Medical Imaging (MMI) showed strong results with revenue increasing 27% in its fourth 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 by offering a full range of imaging modalities including Positron Emission Tomography scanning.

Ultralute™

Final development stages required for commercialisation are underway for our new patented Ultralute™ technology. Ultralute™ extends the useful life of Mollybdenum-99 generators by up to an additional 50%.

Managing Director's Review

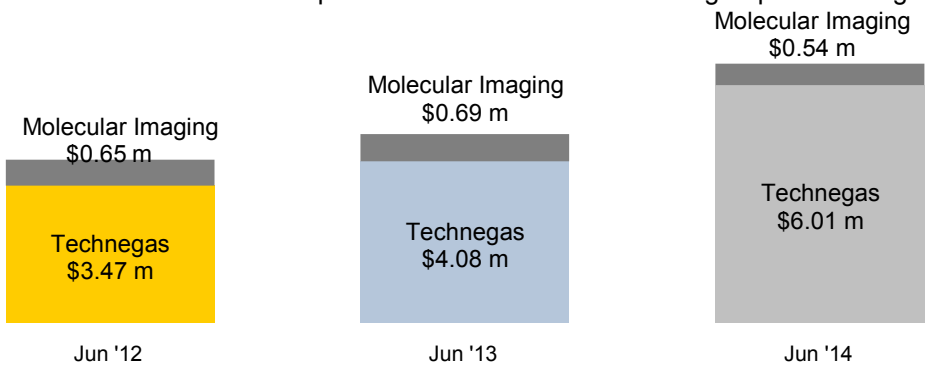
FEATURES

Despite the disappointing decision to exit the molecular imaging business at the end of April 2014, it is my pleasure to inform shareholders that our core Technegas Division recorded a record result for the half year, achieving profit before tax of $1.32 million.

Sales volumes and gross margins from our Technegas business grew strongly over the half year, driven by a combination of improved sales in Europe, an expansion in margins assisted by favourable foreign exchange movements and stable operating costs. Our progress towards expanding the use of Technegas in additional indications took a significant step forward with our COPD trial commencing in China.

We continue to be encouraged by the strong growth in patient volumes seen through Macquarie Medical Imaging (MMI), our joint venture diagnostic imaging service located at Macquarie University Hospital. MMI achieved a robust 27% increase in sales in comparison with the prior comparative period.

We have finalised the design of our Ultralute™ technology and are moving towards commercial production. We are excited about its potential to form the basis of the group's next stage of growth.



Group Revenue by segment

The group's net profit after tax for the half year was $923,417 (2013: restated loss of $1,127,207). Volume sales of TechnegasPlus generators grew by 47% while Patient Administration Sets were 23% higher supported by a favourable 13% movement in the Euro to Australian Dollar. The improved result was also due to the recognition of other income of $244,920. This related to a deposit recovered which was fully provided for in prior periods. Legal costs were lower by $191,033 with work substantially performed in 2013 while depreciation of $189,200 was no longer required after recognising the $8.86 million impairment charge to the property, plant and equipment of the Molecular Imaging division in the previous year's results. FDA expenses of $311,995 (2013: $140,893) were incurred during the current period. The FDA expenses incurred in the 2013 year and prior periods were previously capitalised as Intangible Assets.

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Your Directors expect consistent sales and earnings from the Technegas division in the second half while earnings from the Molecular Imaging division in the second half of the year will be enhanced by the $2.65 million settlement received from the successful mediation conducted in late August 2014.

Managing Director's Review
Continued

OPERATING REVIEW

TECHNEGAS

Sales revenue from ordinary activities of $6.01m (2013: $4.08m) was 47% higher than the prior corresponding period. Gross profit margins as a percentage of sales increased from 74% to 76%. A profit before income tax of $1,318,655 was recorded compared with a loss before income tax of $42,797 in the previous period. The improved profitability was predominantly attributed to increased sales to the European market.

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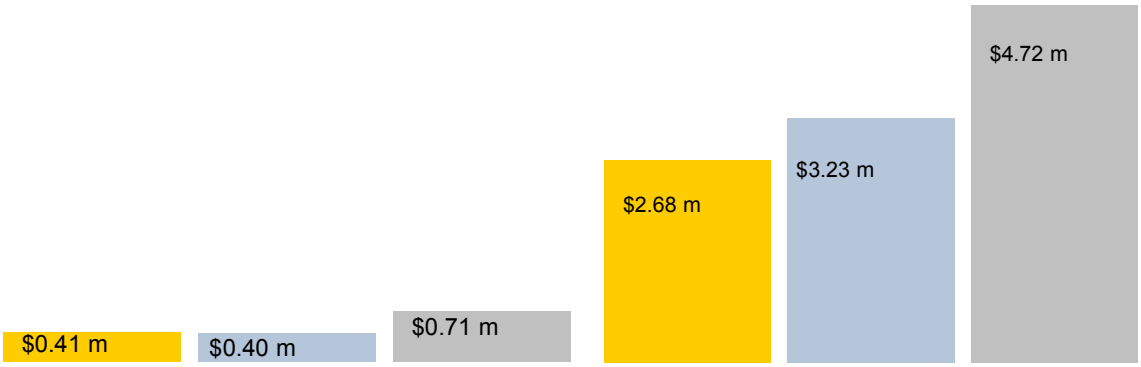
Technegas Market Review



Europe
During the period, 58% (2013: 44%) of Cyclopharm's revenues were recorded in Europe, again underscoring the region's importance. European sales revenue of $3.47 million was 94% higher than $1.79 million recorded in the prior corresponding period. In prior years, the majority of sales in Europe occurred in the second half of the year. This trend has been strategically halted as a direct result of management's efforts to smooth out the seasonality effects demonstrated in previous years.

North America
Canada recorded another solid result with sales of 4 generators, 3 more than the prior corresponding period while PAS revenue grew by 9% to $ 0.93 million on a 5% increase in units sold. With sales revenue of $1.07 million (2013: $0.88 million), on a country basis, Canada is now the second largest Technegas market with PAS quantities expected to match our largest market, France, in the near future. Management views our success in Canada as a strong indicator for anticipated take up rates in the USA should approval to sell Technegas in the USA be obtained.

Managing Director's Review
Continued

Asia Pacific
In Asia Pacific, we recorded revenues 9% higher than the same period last year led by Australia, where sales were 11% higher than the same period last year. Generator sales volume was consistent with the prior period, with 5 new generators sold albeit at higher prices (2013: 5 generators). Australian PAS sales revenue and volume grew by 4% compared to the same period in 2013. Sales in Asia was 26% lower on sales revenue of $0.06 million.

New Drug Application to sell Technegas in the USA

Cyclopharm announced to the Australian Securities Exchange in November 2012 that the Technegas Clinical trial required for market entry into the United States had commenced at New York's Presbyterian/Columbia University Medical Center. A total of 750 patients are required for the study. Despite screening numerous patients thus far and modifying the enrolment requirements last year, fewer than 30 have been imaged to date. In parallel with expanding the number of clinical trial sites, the company has developed a proposal to the FDA that will address the protocol impediments. The Company is meeting with the Food and Drug Administration (FDA) in September 2014 to propose significant modification to our clinical trial program. If accepted the proposed changes should result in a simplified study that will ultimately allow for an expedited market approval.

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Cyclopharm will provide shareholders with an update as we progress our discussions with insurers and assessors in the coming weeks.

On a positive note, we are pleased to update you that on 26 August 2014, Cyclopharm announced to the exchange that after a successful mediation, Cyclopet Pty Ltd, Petnet Australia and ANSTO have agreed to settle the legal proceedings. Without admission of liability, the parties have paid $2.65 million to Cyclopet while papers have been lodged to discontinue legal proceedings.

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ULTRALUTE™

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Managing Director's Review
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The Directors maintain their view that FDA approval to sell Technegas into the USA market provides Cyclopharm with the opportunity to significantly expand its sales and profitability. Proceeds from the mediation will be used to retire the outstanding bank loan and will contribute towards the development of Ultralute™ and expenditure on FDA clinical trials. However, we wish to highlight that as expenditure incurred in relation to the FDA trials will be expensed rather than capitalised, Cyclopharm's results will be adversely impacted when clinical trials ramp up in 2015.

In summary, I believe that the second half of 2014 will represent a significant turning point for the company. Much of the issues that have hindered our progress in the past few years have been addressed. I look forward to updating our shareholders as we gain momentum in delivering on our tangible growth objectives.

James McBrayer
Managing Director

Sydney, 29 August 2014

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 2014.

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 H G Townsing	Non-Executive Director
Mr J S McBrayer	Managing Director

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. The manufacture and sale of PET radiopharmaceuticals ceased at the end of April 2014.

OPERATING AND FINANCIAL REVIEW

Operating Results for the Half Year

For the reporting period, the economic entity recorded a record half year profit after tax attributable to members of $923,417 (2013: restated loss after tax of $1,127,207). Significant improvement in sales volumes resulted in the turnaround in profit, supported by a favourable 13% movement in the Euro to Australian Dollar. Sales of TechnegasPlus generators grew by 47% while Patient Administration Sets were 23% higher. The improved result was also due to the recognition of other income of $244,920. This related to a deposit recovered which was fully provided for in prior periods. Legal costs were lower by $191,033 with work substantially performed in 2013 while depreciation of $189,200 was no longer required after recognising the $8.86 million impairment charge to the property, plant and equipment of the Molecular Imaging division in the previous year's results. FDA expenses of $311,995 (2013: $140,893) were incurred during the current period. These were capitalised as Intangible Assets in previous periods.

Financial Position

Net assets have increased from $3,170,106 as at 31 December 2013 to $3,907,535 as at 30 June 2014 predominantly due to the net gain of $923,417 for the period. This was offset by a reduction of $191,573 in the foreign currency translation reserve. Net assets as at 31 December 2013 were restated to $3,170,106 from $6,550,493 due to a prior period adjustment of $3,380,387 to de-recognise intangible assets arising from the costs of the FDA trials.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 26 August 2014, Cyclopharm announced that after a successful mediation, Cyclopet Pty Ltd, Petnet Australia and ANSTO have agreed to settle the legal proceedings. Without admission of liability, the parties have paid $2.65 million to Cyclopet.

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

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 made pursuant to section 306(3) of the Corporations Act 2001:

James McBrayer
Managing Director & CEO

Sydney, 29 August 2014

Russell Bedford
New South Wales

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Sydney NSW 2000
Australia

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29 August 2014

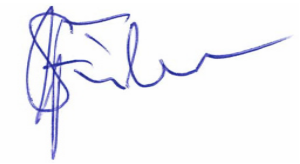
The Board of Directors
Cyclopharm Limited
Building 75
Business and Technology Park
New Illawarra Road
Lucas Heights
NSW 2234

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

As lead auditor for the review of the financial statements of Cyclopharm Limited for the half year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there has been no contravention of:

- the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

RUSSELL BEDFORD NSW
Chartered Accountants



STEPHEN FISHER
Partner

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2014

	Notes	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
CONTINUING OPERATIONS			
Sales revenue		6,554,374	4,769,554
Finance revenue		3,310	10,205
Other revenue		244,920	-
Total Revenue		**6,802,604**	**4,779,759**
Cost of materials and manufacturing		(1,697,838)	(1,392,798)
Employee benefits expense		(1,707,629)	(1,686,525)
Advertising and promotion expense		(133,310)	(130,713)
Depreciation and amortisation expense		(129,779)	(318,979)
Freight and duty expense		(310,226)	(274,730)
Research expenses		(9,297)	(19,036)
Administration expense		(1,484,992)	(1,684,100)
Other expenses		(566,205)	(502,146)
Reversal / (Share) of loss of an associate		60,000	(60,000)
Profit / (Loss) before tax and finance costs		**823,328**	**(1,289,268)**
Finance costs		(66,806)	(141,973)
Profit / (Loss) before income tax		**756,522**	**(1,431,241)**
Income tax benefit		166,895	304,034
Net profit / (loss) for the period		**923,417**	**(1,127,207)**
Other comprehensive income / (loss) after income tax			
Items that will be re-classified subsequently to profit and loss when specific conditions are met:			
Exchange differences on translating foreign controlled entities (net of tax)		(191,573)	201,440
Total comprehensive income / (loss) for the year		**731,844**	**(925,767)**
Earnings / (Loss) per share (cents per share)	4	**cents**	**cents**
-basic earnings / (loss) per share for continuing operations		1.61	(1.95)
-basic earnings / (loss) per share		1.61	(1.95)
-diluted earnings / (loss) per share		1.61	(1.95)

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

Condensed Consolidated Statement of Financial Position

as at 30 June 2014

	Notes	Consolidated 30 June 2014 $	Consolidated 31 December 2013 $
Assets			
Current Assets			
Cash and cash equivalents		1,350,675	1,220,646
Trade and other receivables		3,210,682	3,628,951
Inventories		2,461,942	2,581,113
Other assets - prepayments		64,895	20,794
Total Current Assets		**7,088,194**	**7,451,504**
Non-current Assets			
Inventories		-	178,416
Property, plant and equipment		320,797	405,348
Investments accounted for using the equity method	5	-	-
Intangible development assets		581,423	483,512
Total Non-current Assets		**902,220**	**1,067,276**
Total Assets		**7,990,414**	**8,518,780**
Liabilities			
Current Liabilities			
Trade and other payables		1,386,562	1,869,833
Interest bearing loans and borrowings	6	1,514,398	2,416,986
Provisions		821,432	800,653
Tax liabilities		235,738	123,019
Total Current Liabilities		**3,958,130**	**5,210,491**
Non-current Liabilities			
Provisions		108,366	120,960
Deferred tax liabilities		16,383	17,223
Total Non-current Liabilities		**124,749**	**138,183**
Total Liabilities		**4,082,879**	**5,348,674**
Net Assets		**3,907,535**	**3,170,106**
Equity			
Contributed equity	7	14,963,237	14,963,237
Employee equity benefits reserve		344,170	338,585
Foreign currency translation reserve		(1,208,759)	(1,017,186)
Accumulated losses		(10,191,113)	(11,114,530)
Total Equity		**3,907,535**	**3,170,106**

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

Condensed Consolidated Statement of Cash Flows

for the half year ended 30 June 2014

	Consolidated	
	30 June 2014	30 June 2013
	$	$
Operating activities		
Receipts from customers	6,697,759	5,030,365
Payments to suppliers and employees	(5,761,822)	(5,569,895)
Interest received	3,310	10,205
Borrowing costs paid	(66,806)	(141,973)
Income tax received	278,775	305,996
Net cash flows from / (used in) operating activities	**1,151,216**	**(365,302)**
Investing activities		
Loan repaid by / (to) associate	60,000	(60,000)
Purchase of property, plant and equipment	(17,689)	(99,145)
Payments for deferred expenditure	(152,989)	(79,794)
Net cash flows used in investing activities	**(110,678)**	**(238,939)**
Financing activities		
Costs of raising capital	-	(3,280)
Repayment of bank borrowings	(900,000)	(600,000)
Repayment of lease liabilities	(2,588)	(2,011)
Net cash flows used in financing activities	**(902,588)**	**(605,291)**
Net increase / (decrease) in cash and cash equivalents	**137,950**	**(1,209,532)**
Cash and cash equivalents		
at beginning of the period	**1,220,646**	**2,346,556**
net foreign exchange differences from translation	(7,921)	59,320
at end of the period	**1,350,675**	**1,196,344**

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

Condensed Consolidated Statement of Changes in Equity

for the half year ended 30 June 2014

Consolidated	Contributed Equity $	Other Contributed Equity $	Total Contributed Equity $	Retained Profits / (Accumulated Losses) $	Foreign Currency Translation Reserve $	Employee Equity Benefits Reserve $	Total $
Balance at 1 January 2013	**20,299,673**	**(5,333,158)**	**14,966,515**	**1,905,974**	**(1,589,609)**	**325,553**	**15,608,433**
Prior period error adjustment	-	-	-	(2,901,983)	-	-	(2,901,983)
Restated balance at 1 January 2013	**20,299,673**	**(5,333,158)**	**14,966,515**	**(996,009)**	**(1,589,609)**	**325,553**	**12,706,450**
Loss for the half year	-	-	-	(1,127,207)	-	-	(1,127,207)
Other comprehensive income	-	-	-	-	201,440	-	201,440
Total comprehensive profit/(loss) for the half year	**-**	**-**	**-**	**(1,127,207)**	**201,440**	**-**	**(925,767)**
Cost of raising capital	(3,280)	-	(3,280)	-	-	-	(3,280)
Cost of share based payments	-	-	-	-	-	7,447	7,447
Total transactions with owners and other transfers	**(3,280)**	**-**	**(3,280)**	**-**	**-**	**7,447**	**4,167**
Balance at 30 June 2013	**20,296,393**	**(5,333,158)**	**14,963,235**	**(2,123,216)**	**(1,388,169)**	**333,000**	**11,784,850**
Balance at 1 January 2014	**20,296,395**	**(5,333,158)**	**14,963,237**	**(7,734,143)**	**(1,017,186)**	**338,585**	**6,550,493**
Prior period error adjustment	-	-	-	(3,380,387)	-	-	(3,380,387)
Restated balance at 1 January 2014	**20,296,395**	**(5,333,158)**	**14,963,237**	**(11,114,530)**	**(1,017,186)**	**338,585**	**3,170,106**
Profit for the half year	-	-	-	923,417	-	-	923,417
Other comprehensive loss	-	-	-	-	(191,573)	-	(191,573)
Total comprehensive profit/(loss) for the half year	**-**	**-**	**-**	**923,417**	**(191,573)**	**-**	**731,844**
Cost of share based payments	-	-	-	-	-	5,585	5,585
Total transactions with owners and other transfers	**-**	**-**	**-**	**-**	**-**	**5,585**	**5,585**
Balance at 30 June 2014	**20,296,395**	**(5,333,158)**	**14,963,237**	**(10,191,113)**	**(1,208,759)**	**344,170**	**3,907,535**

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

Notes to the Condensed Consolidated Financial Statements

for the half year ended 30 June 2014

1. CORPORATE INFORMATION

The Half Year financial report of Cyclopharm Limited for the half year ended 30 June 2014 was authorised for issue with a resolution of the directors as of the date of this half year report.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These general purpose condensed consolidated interim financial statements for the half-year reporting period ended 30 June 2014 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 2013, 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.

Change in Accounting Policy

The Group voluntarily changed its accounting policy relating to the capitalised expenditure of the Ultralute and New Technegas Generator development projects, whereby the expenditure was reclassified as intangible development assets under AASB 138: Intangible Assets for the half year ended 30 June 2014. For the financial year ended 31 December 2013 and in the previous financial year the expenditure was classified as capital work in progress within property, plant and equipment. This change has been implemented as the Board has determined it is appropriate to classify and present all development assets as intangible development assets from the commencement of rather than upon the completion of the development activities. A useful life has not been determined as the development projects are not yet complete. The Directors are satisfied that future economic benefits will eventuate to justify the carrying value of the capitalised expenditure of these projects.

The table below provides a summary of the amounts of the adjustments for each financial statement line item affected by the reclassification of the Ultralute and New Technegas Generator development expenditure as intangible development assets for the half year period ended 30 June 2014, as well as the comparative period for the year ended 31 December 2013:

Notes
Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Change in Accounting Policy *(continued)*

Adjustments made to statement of financial position:

	As at 30 June 2014		
	Under Previous Accounting Policy	Effect of Change in Accounting Policy AASB138	As Presented
	$	$	$
Property, plant and equipment	766,823	(446,026)	320,797
Intangible development assets	135,397	446,026	581,423

	As at 31 December 2013		
	Under Previous Accounting Policy	Effect of Change in Accounting Policy AASB138	As Presented
	$	$	$
Property, plant and equipment	742,420	(337,072)	405,348
Intangible development assets	146,440	337,072	483,512

	As at 1 January 2013		
	Under Previous Accounting Policy	Effect of Change in Accounting Policy AASB138	As Presented
	$	$	$
Property, plant and equipment	9,526,942	(173,915)	9,353,027
Intangible development assets	194,455	173,915	368,370

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the December 2013 annual report, except as follows:

Notes
Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Prior Period Error

As a result of a review by ASIC of Cyclopharm's 2013 Annual Report, ASIC has determined that in its opinion the FDA approval process expenditure does not meet the definition of an intangible asset under AASB 138: Intangible Assets. The Board of Cyclopharm has accepted this determination. Consequently, an adjustment has been made in the 2014 half year financial report to rectify a material prior period error by de-recognising the previously capitalised FDA costs of $3,380,387 as at 1 January 2014.

Adjustments made to statement of financial position:

	As at 31 December 2013		
	Balance before correction	Effect of correction	Balance as presented
	$	$	$
Intangible development assets	3,863,899	(3,380,387)	483,512
Accumulated Losses	(7,734,143)	(3,380,387)	(11,114,530)

	As at 1 January 2013		
	Balance before correction	Effect of correction	Balance after correction
	$	$	$
Intangible development assets	3,270,353	(2,901,983)	368,370
Retained Profits / (Accumulated Losses)	1,905,974	(2,901,983)	(996,009)

Adjustments made to statement of comprehensive income:

	Half Year ended 30 June 2013		
	Balance before correction	Effect of correction	Balance as presented
	$	$	$
Other expenses	361,253	140,893	502,146
Loss per share (cents per share)	(1.71)	(0.24)	(1.95)

Adjustments made to statement of changes in equity:

	Year ended 31 December 2013		
	Balance before correction	Effect of correction	Balance as presented
	$	$	$
Accumulated Losses	(7,734,143)	(3,380,387)	(11,114,530)

	Half Year ended 30 June 2013		
	Balance before correction	Effect of correction	Balance as presented
	$	$	$
Retained Profits / (Accumulated Losses)	919,660	(3,042,876)	(2,123,216)

Notes
Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Prior Period Error (continued)

Adjustments made to statement of cashflows:

	Half Year ended 30 June 2013		
	Balance before correction	Effect of correction	Balance as presented
	$	$	$
Payments to suppliers and employees	(5,429,002)	(140,893)	(5,569,895)
Net cash flows from / (used in) operating activities	(224,409)	(140,893)	(365,302)
Payments for deferred expenditure	(220,687)	140,893	(79,794)
Net cash flows used in investing activities	(379,832)	140,893	(238,939)

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

The Group has adopted the following new and revised Australian Accounting Standards from 1 January 2014 together with consequential amendments to other Standards:

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;*
- Interpretation 21: *Levies;*
- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;*
- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting and*
- AASB 2013-5: *Amendments to Australian Accounting Standards – Investment Entities.*

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)

These Standards are mandatorily applicable from 1 January 2014 and thus, became applicable to the Group for the first time in the current half-year reporting period. An assessment of the potential impact are discussed below:

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

- Interpretation 21: *Levies*

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

  This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*

  AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2013-5: *Amendments to Australian Accounting Standards – Investment Entities*

  AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounting for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

Notes
Continued

3. SEGMENT REPORTING

For the period ended	Consolidated		
	Technegas	Molecular Imaging	Total
30 June 2014	$	$	$
Revenue			
Sales to external customers	6,014,691	539,683	6,554,374
Finance revenue	3,277	33	3,310
Other revenue	-	244,920	244,920
Total segment revenue	**6,017,968**	**784,636**	**6,802,604**
Result			
Profit / (Loss) before tax, depreciation and finance costs	**1,438,186**	**(485,079)**	**953,107**
Depreciation and amortisation	(108,553)	(21,226)	(129,779)
Profit / (Loss) before tax and finance	**1,329,633**	**(506,305)**	**823,328**
Finance costs	(10,978)	(55,828)	(66,806)
Profit / (Loss) before tax	**1,318,655**	**(562,133)**	**756,522**
Income tax benefit	166,895	-	166,895
Net Profit / (Loss) for the period	**1,485,550**	**(562,133)**	**923,417**
Assets and liabilities			
Segment assets	7,362,774	627,640	7,990,414
Segment liabilities	2,267,000	1,815,879	4,082,879

Notes
Continued

3. SEGMENT REPORTING

For the period ended	Consolidated		
	Technegas	Molecular Imaging	Total
30 June 2013	**$**	**$**	**$**
Revenue			
Sales to external customers	4,083,208	686,346	4,769,554
Finance revenue	10,144	61	10,205
Other revenue	-	-	-
Total segment revenue	**4,093,352**	**686,407**	**4,779,759**
Result			
Profit / (Loss) before tax, depreciation and finance costs	**76,452**	**(1,046,741)**	**(970,289)**
Depreciation and amortisation	(109,425)	(209,554)	(318,979)
Loss before tax and finance	**(32,973)**	**(1,256,295)**	**(1,289,268)**
Finance costs	(9,824)	(132,149)	(141,973)
Loss before tax	**(42,797)**	**(1,388,444)**	**(1,431,241)**
Income tax benefit	304,034	-	304,034
Net Profit / (Loss) for the period	**261,237**	**(1,388,444)**	**(1,127,207)**
Assets and liabilities			
Segment assets	7,665,489	9,694,216	17,359,705
Segment liabilities	2,192,566	3,382,289	5,574,855

Notes
Continued

4. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	30 June 2014	31 December 2013
	$	$
Net assets per share	0.07	0.06
Net tangible assets per share	0.06	0.05
	Number	Number
Number of ordinary shares for net assets per share	57,448,536	57,448,536
	30 June 2014	31 December 2013
	$	$
Net assets	3,907,535	3,170,106
Net tangible assets	3,326,112	2,686,594

The weighted average number of ordinary shares includes the effect of the cancellation of 680,000 expired Long Term Incentive Performance shares on 2 April 2013 as set out in Note 7.

Earnings / (Loss) per share

	Consolidated	
	30 June 2014	30 June 2013
	$	$
Net earnings / (loss) attributable to equity holders of the parent	923,417	(1,127,207)
	Number	Number
Weighted average number of ordinary shares for basic loss per share	57,448,536	57,794,171
	cents	cents
- basic earnings / (loss) per share for continuing operations	1.61	(1.95)
- basic earnings / (loss) per share	1.61	(1.95)
- diluted earnings / (loss) per share	1.61	(1.95)
Weighted average number of ordinary shares for basic loss per share	57,448,536	57,794,171

The weighted average number of ordinary shares includes the effect of the cancellation of 680,000 expired Long Term Incentive Performance shares on 2 April 2013 as set out in Note 7.

Notes
Continued

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	30 June 2014	31 December 2013
	$	$
Associated companies	-	-

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest	
				30 June 2014	31 December 2013
Macquarie Medical Imaging Pty Ltd	Imaging centre	Australia	Preference	20%	20%

	Consolidated	
	30 June 2014	31 December 2013
Macquarie Medical Imaging Pty Ltd	$	$
At 1 January	-	-
(Repayment made by) / Loan to associate	(60,000)	252,640
Reversal / (Share) of losses after income tax	60,000	(252,640)
At 30 June / 31 December	-	-

During the period, Cyclopharm's wholly owned subsidiary Cyclopet Pty Ltd received $60,000 in respect of a 2013 loan made to Macquarie Medical Imaging Pty Ltd, an imaging joint venture at Macquarie University Hospital. Cyclopet Pty Ltd has a 20% (2013: 20%) interest in Macquarie Medical Imaging Pty Ltd. As the amount had not been expected to be repaid in the short term as at 30 June 2013, it was included as an interest in the associate and a share of the associate's losses has been recognised under the equity method of accounting.

The share of the associate's loss not recognised during the period was $41,923 (30 June 2013: loss of $170,850) and the cumulative share of the associate's loss not recognised as at 30 June 2014 was $434,322 (31 December 2013: $515,188).

The fair value of the Group's investment in Macquarie Medical Imaging Pty Ltd was $nil (2013: $nil).

Notes
Continued

6. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	30 June 2014	31 December 2013
	$	$
Current		
Lease liabilty - secured	14,398	16,986
Bank loan - secured (i)	1,500,000	2,400,000
Interest bearing loans and liabilities (current)	**1,514,398**	**2,416,986**
Total facilities	1,500,000	2,400,000
Facilities used at reporting date	(1,500,000)	(2,400,000)
Facilities unused at reporting date	**-**	**-**

(i) Cyclopharm has a flexible rate loan provided by the National Australia Bank. The facility expires on 31 December 2014. 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.

As a result of recognising the $8.86 million impairment charge to the property, plant and equipment of the Molecular Imaging division in the 31 December 2013 results, the Group breached its banking covenant relating to capital adequacy in the 31 March 2014 reporting quarter. In May 2014, the Bank provided a letter confirming while it does not waive or give up its right in relation to any breach of obligation, it was not taking action at that point in time. The Group has complied with all banking covenants for the 30 June 2014 reporting quarter.

Notes
Continued

7. CONTRIBUTED EQUITY

		Consolidated			
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
	Notes	Number	Number	$	$
Issued and paid up capital					
Ordinary shares	(i)	57,448,536	57,448,536	20,296,395	20,296,393
Other contributed equity		-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**57,448,536**	**57,448,536**	**14,963,237**	**14,963,235**
Ordinary shares					
Issued and paid up capital					
Balance at the beginning of the period		57,448,536	58,128,536	20,296,395	20,299,673
Costs arising from issue of renounceable rights shares		-	-	-	(3,280)
Cancellation of expired Long Term Incentive Plan shares	(i)	-	(680,000)	-	-
Balance at end of period		**57,448,536**	**57,448,536**	**20,296,395**	**20,296,393**

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) The Company cancelled 680,000 expired Long Term Incentive Plan shares on 2 April 2013.

Notes
Continued

8. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

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

	Consolidated	
	30 June 2014	31 December 2013
	$	$
Operating Lease Commitments		
Minimum lease payments		
Due not later than one year	458,284	449,105
Due later than 1 year & not later than 5 years	1,168,571	1,250,535
More than 5 years	256,467	633,371
Total operating lease commitments	**1,883,322**	**2,333,011**
Operating lease expenses recognised as an expense during the period	236,794	488,765

- 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 2014	31 December 2013
	Notes	$	$
Finance Lease Commitments			
Minimum lease payments			
Due not later than one year	(i)	14,398	16,986
Total finance lease commitments		**14,398**	**16,986**

(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

8. COMMITMENTS AND CONTINGENCIES (continued)

(c) Other commitments – Bank loan repayments

	Consolidated	
	30 June 2014	31 December 2013
	$	$
The company has the following other commitments:		
Not later than one year	1,500,000	2,400,000
Total	**1,500,000**	**2,400,000**

Cyclopharm has a flexible rate loan provided by the National Australia Bank. The facility expires on 31 December 2014. 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.

As a result of recognising the $8.86 million impairment charge to the property, plant and equipment of the Molecular Imaging division in the 31 December 2013 results, the Group breached its banking covenant relating to capital adequacy in the 31 March 2014 reporting quarter. In May 2014, the Bank provided a letter confirming while it does not waive or give up its right in relation to any breach of obligation, it was not taking action at that point in time. The Group has complied with all banking covenants for the 30 June 2014 reporting quarter.

(d) Capital commitments

There were no material changes to the commitments disclosed in the 2013 Annual Report as at the date of this report.

Notes
Continued

8. 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 $2,160,551 (31 December 2013: $2,290,580).

(ii) Pursuant to a Shareholders' Agreement, Cyclopet Pty Limited (a wholly owned subsidiary of Cyclopharm Limited) has undertaken to provide a put option to a 50% shareholder of Macquarie Medical Imaging Pty Limited ("MMI") such that if this option was exercised, Cyclopet would be required to purchase all Redeemable Preference Shares and Ordinary Shares held by the 50% joint venturer for the value of the Redeemable Preference Shares plus any accumulated interest plus $1 for the Ordinary Shares. The cost to Cyclopet had the put option been issued and exercised at balance date is estimated not to exceed $1,115,778 (31 December 2013: $963,828). If the put option was issued and exercised, control of MMI would be transferred to the Group and MMI's financial statements would be consolidated from that date.

Notes
Continued

9. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial period:

CONSOLIDATED		Sales to related parties $	Repayment from / (loan to) related parties $	Amounts owed by related parties $	Provision for doubtful debts on Amounts owed by related parties $
Macquarie Medical Imaging	*2014*	38,142	60,000	230,782	230,782
	2013	59,220	(60,000)	141,853	70,927

Ultimate parent entity

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

Terms and conditions of transactions with related parties

- Cyclopet Pty Ltd, a wholly owned subsidiary of Cyclopharm has a 20% interest in Macquarie Medical Imaging. Cyclopet manufactures products that are sold to Macquarie Medical Imaging. During the period, Cyclopet Pty Ltd received a repayment of $60,000 which it had loaned to Macquarie Medical Imaging in 2013. A share of the associate's losses had been recognised under the equity method in 2013 as it was not expected to be repaid in the short term. The share of the associate's losses has been reversed during the current period in view of the amount received.

10. EVENTS AFTER THE BALANCE SHEET DATE

On 26 August 2014, Cyclopharm announced that after a successful mediation, Cyclopet Pty Ltd, Petnet Australia and ANSTO have agreed to settle the legal proceedings. Without admission of liability, the parties have paid $2.65 million to Cyclopet.

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

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 2014 and of its performance for the half-year ended on that date; and

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

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

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

James McBrayer
Managing Director & CEO

Sydney, 29 August 2014

Russell Bedford
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 condensed consolidated statement of financial position as at 30 June 2014, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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 2014 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 2014 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 2014 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*.

RUSSELL BEDFORD NSW
Chartered Accountants

STEPHEN FISHER
Partner

Sydney, dated this 29th day of August 2014

General Information

Directors
Vanda Gould
Non-Executive Chairman

James McBrayer
Managing Director & CEO

David Heaney
Non-Executive Director

Henry Townsing
Non-Executive Director

Company Secretary
James McBrayer

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