Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2016

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	No of Pages	47 incl. cover
Date	19 August 2016		
From	James McBrayer		
Subject	**Appendix 4D**		

Please see attached 30 June 2016 Half Year Report for Cyclopharm Limited (ASX - CYC).

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

For all enquiries please contact

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Cyclopharm Limited

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Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2016

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 2016	30 June 2015

The information contained in this report is to be read in conjunction with Cyclopharm Limited's 2015 Annual Report and any announcements to the market by Cyclopharm Limited during the half year ended 30 June 2016 and up until the date of this Appendix 4D.

2. Results for announcement to the market

2.1 Revenues from ordinary activities	Up 27%	to	6,456,714
2.2 Profit from ordinary activities after tax attributable to members	Up 59%	to	283,614
2.3 Profit for the period attributable to members	Up 59%	to	283,614

2.4 Dividends	Amount per security	Franked amount per security
Final dividend proposed	Not applicable	Not applicable
Interim dividend	0.5 cents per share	0.23 cents per share

2.5 Record date for determining entitlements for the final dividend	5 September 2016

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.

In FY1H 2016 Cyclopharm delivered its best sales results for any first half period in the company's history: a pleasing result that also importantly highlights our competitive strengths, our relentless focus on performance excellence and the significant momentum we are building.

These results create a platform for transformational growth as we continue to make progress in executing our "three growth pillars" strategy of leveraging our core Technegas product, proprietary technologies and deep expertise of nuclear medicine and lung health.

The group's profit before tax for the half year rose by 177% to $788,975 (1H2015: $285,258). Volume sales of TechnegasPlus generators grew by 4% while unit sales of PAS sets were 31% higher. In financial year 2015, French demand was delayed until the second half, severely affecting first half sales. There were 350 PAS sets sold to France in 1H2016 compared with none in the previous period. Excluding the French market, 1H2016 PAS sales volume increased 8% over the prior corresponding period.

Our core Technegas Division achieved profit before tax of $0.99 million (1H2015: $0.32 million). On an underlying basis, adjusting for FDA expenses and foreign exchange gains and losses, the Technegas division's net profit before tax for the year grew 163% to $1.39 million.

The following table outlines the Technegas Division's underlying performance on a comparative half year basis:

Half Year ended 30 June	**2013**	**2014**	**2015**	**2016**
	$'000	$'000	$'000	$'000
Technegas Division Revenue	4,083	6,015	5,033	6,457
Technegas Division Margin	3,037	4,608	3,969	5,386
Technegas Division Net Profit / (Loss) Before Tax	(43)	1,319	324	991
Net Profit / (Loss) Before Tax	(1,431)	757	285	789
Add back: Molecular Imaging Division Loss Before Tax	1,388	562	38	202
Add back: FDA expenses incurred	141	312	158	418
Less: Realised and unrealised forex (gain) / loss	(46)	(51)	45	(23)
Technegas Division Net Profit / (Loss) Before Tax excluding FDA expenses and realised and unrealised forex	52	1,580	526	1,386
EUR P&L Forex rate as at 30 June	0.7767	0.6763	0.6982	0.6605
PAS unit sales to France	200	500	-	350

Sales volumes and gross margins from the Technegas business grew strongly over the half year, driven by a combination of improved sales in Europe, reflecting higher volumes and prices, and stable operating costs (excluding FDA expenses). PAS margins improved by a pleasing 5% over the previous corresponding period, benefiting from local market price increases, a continued low Australian dollar and ongoing cost reduction efforts.

Our strategy to expand the use of Technegas to additional indications took a significant step forward with positive initial results from clinical trials of Technegas on COPD patients in China and the signing of an

agreement with the Canadian Association of Nuclear Medicine for the promotion of best practice in nuclear medicine, which Cyclopharm believes will enhance the market penetration of Technegas and expand use to new indications.

Cyclopharm is fine-tuning the design and tooling of its unique Ultralute™ technology for extending the useful life of Molybdenum-99 generators by up to 50%. We are moving towards the commercial launch of the product, with material sales expected to be recorded in Europe in the first half of 2017. Ultralute™ has generated strong international interest given its potential to bring significant cost savings and efficiencies in the delivery of pharmaceuticals used in nuclear medicine. We are excited about its future, which forms part of the platform for Cyclopharm's next stage of growth.

The Molecular Imaging division recorded a loss before tax of $202,053 (1H2015 loss: $38,332). This was primarily due to rental expenses which were absorbed by the insurer during the prior period.

Cyclopharm's balance sheet strengthened during the half, benefiting from net operating cashflow of $749,817. The company's net cash at the end of the period was $6.816 million after full repayment of its loan in March 2016. This healthy financial position supported the Board's decision to maintain dividend payments to shareholders.

OUTLOOK

We expect another lift in Technegas revenues and earnings in 2H 2016, driven by seasonally stronger sales associated with the northern hemisphere winter, continued strong sales performance in Canada and improved volumes in Asia, particularly as a result of the recent Chinese PAS consumable and Technegas Generator record order.

Given the strong clinical support for Technegas as the functional ventilation imaging agent of choice in determining PE[1], we believe the strong demand for Technegas will endure in our existing markets. We will continue to educate referring physicians on the clinical and safety superiority of our diagnostic capabilities in comparison to other competing technologies such as CTPA[2].

The Directors maintain their view that FDA approval to sell Technegas into the US market provides Cyclopharm with the opportunity to significantly expand Cyclopharm's sales and profitability.

We look forward to introducing Technegas to the US market following the completion of our Phase 3 clinical trial program and anticipated approval by the FDA in mid-2018. Our meeting with the FDA in August 2016 provided further clarity in support of our strategy. Prior to commencing patient recruitment in early 2017 we expect to meet with the FDA once more before the final design of the clinical trial program is submitted for approval. Cyclopharm looks forward to updating shareholders following the outcome of this meeting. We also continue to actively pursue the regulatory approvals to commence sales in other promising new markets such as Russia.

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

We expect the Molecular Imaging division, which houses the Cyclotron, to again record a nominal operating loss in the second half of 2016. Operating costs of approximately $25,000 per month will be incurred while the future of the facility is being determined. It is ultimately intended to continue to utilise the Cyclotron facility at MUH to progress research and development activities until a longer-term use for the facility is determined, which may result in its sale.

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

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

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

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

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

objectives.

In summary, I expect Cyclopharm to achieve further solid sales and earnings growth in 2016 and to maintain a healthy capital position. I look forward to continuing to report to our shareholders as we gain momentum in realising our profitable growth objectives and delivering rewards to our investors.

3. Net tangible assets

	30 June 2016	30 June 2015
Net Tangible Assets per security	$0.18	$0.11

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

A fully franked dividend of 0.5 cents per share was paid to shareholders on 19 April 2016 for the year ended 31 December 2015. The Directors have declared an interim dividend of 0.5 cents per share (0.23 cents per share franked) to be paid on 12 September 2016.

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 2016	30 June 2015
Macquarie Medical Imaging Pty Ltd	20%	20%

The share of the associate's loss for the period was $nil (2015: $nil).

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

International Financial Reporting Standards (IFRS)

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

The accounts have been subject to review.

Cyclopharm Limited
Half Year Report 2016

cyclopharm

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Contents

Highlights

Cyclopharm made solid progress in delivering on its strategic aims with a record First Half 2016 Revenue and Gross Margin performance.

Furthermore, the Company continued to successfully execute on its key "three growth pillars" strategy of building a larger, more profitable lung health company with sales from new countries, applications and complementary technologies.

Radiopharmaceutical company, Cyclopharm, recorded strong growth in sales and earnings for the half year to 30 June 2016 versus the prior corresponding period (pcp).

Record sales revenue for the period was up 27% on pcp to $6.456 million and slightly ahead of guidance. Profit before tax and financing costs increased to $798,730. This is 168% higher than the first half of 2015, which was held back by timing differences of sales to the French market.

Net profit after tax was $283,614, up 59% on pcp, represented basic earnings per share (EPS) of 0.51 cents, an increase of 59% on pcp.

Consistent with Cyclopharm's three growth pillars strategy, the result reflected strong organic growth in existing markets, new market entry development and the expansion of potential clinical applications of the Company's technologies.

The performance during the half year confirmed the ongoing benefits of the decision in 2015 to concentrate resources on leveraging the full potential of Cyclopharm's patented technologies.

Strength in research and development and a highly positive global reputation in nuclear medicine are key assets in advancing the business strategy.

Cyclopharm is a fiscally disciplined company that continues to generate healthy cashflow and maintains a strong balance sheet.

For the half year period, the Directors have declared an interim dividend of 0.5 cents per share, partially franked, which will be paid on 12 September 2016 to shareholders on the register on 5 September 2016.

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

Cyclopharm achieved significant results during the half year from implementing its strategic priorities, which were to:

1. Simplify the business strategy so the company's full focus can be on delivering on our well-advanced transformational opportunities;

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

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

4. Pursue sales of Technegas in new applications: Chronic Obstructive Pulmonary Disease ("COPD") which is a significantly larger market than the Pulmonary Embolism market where CYC traditionally operates; and

5. Position the Company to commence sales of our exciting Ultralute™ nuclear medicine complementary technology.

These achievements have delivered strong financial results, enabled further investment in growth opportunities and supported the commencement of dividend payments to shareholders.

First half highlights continued

Half Year ended 30 June		2016	2015	Inc	% Change
Sales Revenue	$	6,456,714	5,077,740	1,378,974	27%
Profit before tax and finance costs	$	798,730	298,166	500,564	168%
Net Profit after tax	$	283,614	178,842	104,772	59%
Earnings Per Share	cents	0.51	0.32	0.19	59%

Technegas

The Technegas business delivered strong underlying growth during the half year. The volume of Technegas generators sold increased 4% and unit sales of Patient Administration Sets ("PAS"), excluding the French market, increased 8% over the prior corresponding period. Profit before tax and finance costs was $0.799 million for the half year. The large increase in EBIT over the pcp was primarily attributable to the change in the timing of PAS sales to France in 2015, which occurred in 2H2015 rather than the typical first half of the financial year.

Positive initial results of the clinical trial of Technegas in China for the treatment of Chronic Obstruction Pulmonary Disease, furthering the strategy to expand Technegas beyond the Pulmonary Embolism market.

Continued progress in developing a new, simplified clinical trial program for expediting United States Food and Drug Administration (FDA) approval of Technegas. The trial's program design is expected to be finalised in the second half of this year, with FDA approval targeted for mid-2018.

The largest to date Technegas order was received from Cyclopharm's Chinese distributor as a seeding initiative for sales into that market during 2017. Revenue from the sale is to be recorded in the 2H2016.

Ultralute™

Fine-tuning of design and tooling is underway for Cyclopharm's new patented Ultralute™ technology, with first sales expected in 2017.

Managing Director's Review

FEATURES - A strong underlying 2016 first half

In FY1H 2016 Cyclopharm delivered its best sales results for any first half period in the company's history: a pleasing result that also importantly highlights our competitive strengths, our relentless focus on performance excellence and the significant momentum we are building.

These results create a platform for transformational growth as we continue to make progress in executing our "three growth pillars" strategy of leveraging our core Technegas product, proprietary technologies and deep expertise of nuclear medicine and lung health.

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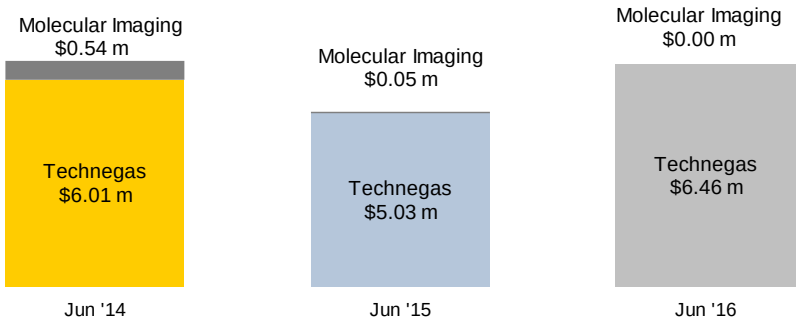
Managing Director's Review
Continued



Group Revenue by segment

Cyclopharm is fine-tuning the design and tooling of its unique Ultralute™ technology for extending the useful life of Molybdenum-99 generators by up to 50%. We are moving towards the commercial launch of the product, with material sales expected to be recorded in Europe in the first half of 2017. Ultralute™ has generated strong international interest given its potential to bring significant cost savings and efficiencies in the delivery of pharmaceuticals used in nuclear medicine. We are excited about its future, which forms part of the platform for Cyclopharm's next stage of growth.

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Cyclopharm's balance sheet strengthened during the half, benefiting from net operating cashflow of $749,817. The company's net cash at the end of the period was $6.816 million after full repayment of its loan in March 2016. This healthy financial position supported the Board's decision to maintain dividend payments to shareholders.

Looking ahead to the full year 2016, your Directors expect the company to:

1. Report materially stronger sales and earnings from the Technegas division in the second half due to cyclically higher procedure volumes during the northern hemisphere winter combined with the largest single sales order for Technegas valued at $1.3 million to be delivered to China by December 2016
2. Finalise Ultralute™ for commercial launch in 1H 2017
3. Continue to advance the process for FDA approval of Technegas in the US market, finalising the design of the clinical trial program in the current half
4. Confirm the positive initial results of the China COPD trial of Technegas
5. Initiate a clinical trial program targeting applications for Technegas in both the diagnosis and management of specific chronic respiratory disease states
6. Generate ongoing positive cash flows to support investment in growth opportunities, maintain dividend payments to shareholders and implement any additional capital management initiatives.

OPERATING REVIEW

Technegas

A record 1H sales revenue from Technegas ordinary activities of $6.46 million was 28% higher than the pcp of $5.03 million. Gross profit margins, another 1H record for Technegas, as a percentage of sales increased from 79% to 83%. Profit before income tax was $0.991 million.

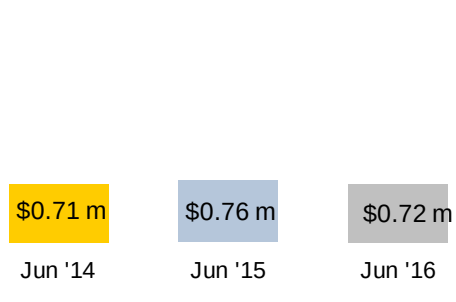
Revenue from the Technegas division's key PAS product was 38% higher at $5.45 million compared to $3.96 million for the same period in 2015.

Managing Director's Review
Continued

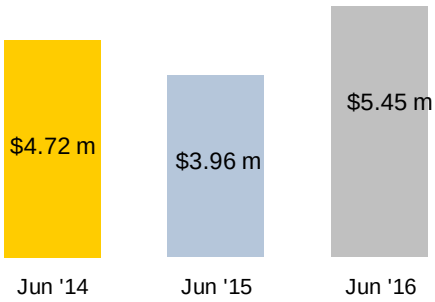
First half 2016 revenue and profit reflects 350 PAS sets sold to France whereas in 2015 there were no first half sales as all sales to France occurred in the second half that year. Excluding PAS sales to France, revenue from ordinary activities was 8% higher than the prior corresponding period.

Revenue from Technegas Generators decreased by $0.04 million to $0.72 million, despite the sales of 27 Generators in the first half, one unit more than the same period last year.

Technegas Market Review



Technegas Generator Revenue



PAS Revenue

Europe
During the half year 62% (1H2015: 51%) of Technegas revenues were sourced from Europe, again underscoring the region's importance. European sales revenue of $4.03 million was 59% higher than the pcp. Historically, the majority of sales in Europe occurred in the second half of the year. PAS sales to France in the half year contributed $0.98 million (1H2015: nil) to revenue.

Excluding sales to France, revenue from the rest of Europe increased by a robust $0.51 million, or 20%, compared to the pcp.

In the coming six months, Cyclopharm will continue its efforts to enter new European markets including pursuing regulatory approvals to sell Technegas into the highly prospective Russian market.

North America
Sales revenue in Canada was slightly higher than the same period last year at $1.08 million (1H2015: $0.98 million). Canada remains the largest Technegas market and is expected to remain so for the full year 2016. The Company views its success in Canada as a strong indicator for prospects of Technegas in the US if, as anticipated, FDA approval for US sales is obtained in 2018.

Asia Pacific
In the Asia-Pacific region, Technegas revenues fell 10% to $1.29 million during the half. Australian sales were consistent with the same period last year with two generators sold (1H2015: one generator). This was offset by lower Australian PAS sales, which decreased 3% compared to the pcp. Sales revenue in Asia fell 47% to $0.17 million (1H2015: $0.33 million).

Cyclopharm expects full year 2016 sales to Asia to be significantly greater than the previous period given the record order of 50 Technegas generators and 250 PAS sets received from Cyclopharm's Chinese distributor. The products are to be invoiced and delivered in the second half of 2016 and are expected to contribute an additional $1.3 million to sales in the second half of this financial year.

The Chinese order is a seeding initiative by Cyclopharm's Chinese distributor to expand Technegas use in China, and follows the promising trials of Technegas in the diagnosis and treatment monitoring of COPD in that market. It is anticipated the Chinese distributor will supply the 50 Technegas generators to Chinese clinics and hospitals throughout the course of calendar 2017. We therefore expect this seeding initiative will provide a significant increase in PAS sales in Asia from calendar year 2018.

Managing Director's Review
Continued

Approval of Technegas for sale in the US

Cyclopharm announced to the Australian Securities Exchange in November 2012 that the clinical trials required by the FDA for market entry into the US had commenced at New York's Presbyterian/Columbia University Medical Center. A total of 750 patients were required for the study. Despite screening numerous patients and modifying the enrolment requirements in 2014, recruitment levels were deemed unacceptable. To address the low patient recruitment issue, Cyclopharm has proposed to the US FDA significant modifications to the clinical trial program, which should result in a simplified study that will ultimately allow for an expedited and less costly path towards FDA approval.

The clinical trial program is designed to compare Technegas against Xe-133, the only approved nuclear medicine ventilation imaging agent in the USA. We will be seeking a structural indication in a non-inferiority protocol including patients across a number of respiratory disease states. The first phase, already submitted to the USFDA, is currently underway. This portion of the program is a desk-top study designed to determine both the inter and intra reader variability of Xe-133. Simply put, in this step we will determine the accuracy and consistency that Xe-133 images can be interpreted among nuclear medicine physicians.

Based on the findings of the Xe-133 desk-top study we will be able to determine the number of patients required for imaging in the head-to-head Phase 3 prospective clinical trial. Based on prior estimates we believe this number to be approximately 300 patients.

The Company is targeting the current half for approval of the simplified trial program via a Special Protocol Assessment (SPA) pathway. An SPA is a process available to sponsors by the USFDA to provide for a more rigorous review of the program in advance of commencing patient recruitment. The SPA not only allows for an expedited review at the conclusion and submission of the trial but also provides some assurances of approval if agreed endpoints are met.

It is expected that trial will be conducted at 10-15 clinical sites with final recruitment targeted for the second half of calendar 2017 and FDA approval for mid-2018. We remain confident that the application for market entry into the United States will ultimately be successful, due to Technegas' existing globally widespread and longstanding successful use. The United States represents a major growth opportunity and has the potential to become the largest single market for Technegas. The Directors are therefore determined to continue to actively pursue FDA approval but will ensure we cautiously and prudently manage the costs of doing so.

In late 2015, Cyclopharm announced its intention to enter into a licensing agreement with Jubilant Draximage (JDI) for the registration and distribution of Technegas in the United States. Despite several months of negotiations, the two companies were not able to reach agreement on the final terms. As a result, the Company notified JDI in May this year of its decision to move forward independently with its USFDA clinical trial program. The two companies have agreed to continue to discuss potential commercial opportunities once USFDA approval for Technegas is achieved.

Notwithstanding this, the Company will also actively consider alternatives such as partnerships or licensing arrangements which may assist in accelerating commercialisation in the United States market.

As the FDA approval process moves forward, the Directors advise that additional expenditure on the FDA trials will continue to be expensed until approval is achieved. This is a prudent and conservative approach, notwithstanding the confidence of the Directors that such approval will ultimately be given. The total future cost to Cyclopharm of the trial and registration program is expected to be less than US$7 million. For the half year, these expenses totalled $417,509 compared to $157,594 in the pcp.

Managing Director's Review
Continued

New Indication Development

Cyclopharm continues to make progress in developing new indications for Technegas. Other disease states beyond PE, which include COPD and lung cancer, offer significant market share and revenue potential for Technegas. These are currently being targeted through clinical studies, such as the Chinese COPD trials now underway. We estimate that the global COPD market is 15 to 20 times the size of the PE market. Technegas has the potential to be used not only for early diagnosis of COPD but also on a recurrent basis for COPD management.

Confirmation of the efficacy of Technegas for treating COPD may lead to a significant expansion of the sales 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.

The commencement of the pilot clinical trial in China 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.

Preliminary results of the trials early in 2016 showed Technegas was effective at diagnosing the extent of emphysema in trial patients and at an earlier stage of the disease than standard diagnostic methods.

Preliminary results from the trial in several Chinese hospitals are the subject of three abstracts, which will now be submitted for display at the upcoming European Respirology Society's annual conference in London this year with peer reviewed publications ready for submission later this year.

Our forthcoming participation at the European Society of Respirology in September 2016, the Chinese Thoracic Society meeting also in September and the Asian Pacific Society of Respirology conference in November 2016 are important initiatives to actively engage with referring physicians. We believe this engagement will assist both the promotion of additional indications for Technegas and support the existing use of our product in the detection of pulmonary embolism (PE).

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

ULTRALUTE™

Cyclopharm's patented nuclear medicine technology Ultralute™ extends the useful life of Molybdenum-99 (Mo-99) generators by up to 50%. This technology potentially gives nuclear medicine departments the ability to dramatically improve operating efficiencies and health outcomes for patients.

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

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

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.

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

The intention is to commercially launch Ultralute™ in the first half of 2017.

Managing Director's Review
Continued

MACQUARIE MEDICAL IMAGING

Strong growth has continued in patient volumes at Macquarie Medical Imaging ("MMI"), Cyclopharm's joint venture diagnostic imaging service located at Macquarie University Hospital ("MUH") in Sydney. MMI achieved a 5% increase in sales during the half year in comparison with the pcp.

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

Growth in MMI is tied closely to the hospital's ramp-up. 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, will assist in driving that growth.

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.

MOLECULAR IMAGING TRADING AS CYCLOPET

The Company continues consideration of the long term status of its Cyclotron facility, for which Cyclopharm received a net $2.1 million in insurance proceeds following substantial water damage from attempts by the authorities to extinguish a fire in the carpark on the floor above the facility in June 2014.

Our goal is to achieve ongoing use of the Cyclotron facility and active negotiations are ongoing.

NEW CORPORATE HEADQUATERS

As previously announced, Cyclopharm is in the process of establishing new corporate headquarters and operational facility, following the upcoming conclusion of its existing lease at Lucas Heights' Business and Technology Park. The new facility is located at Kingsgrove NSW, a suburb of Sydney and is currently undergoing fit-out, which is expected to be completed in the second half of the current financial year.

The fit out process is currently on track in terms of timetable and will not impact Cyclopharm's ongoing R&D, operational performance or ability to fund growth initiatives or FDA trials. Total cash costs of the fit out are expected to be approximately $1.4 million which will be capitalised as leasehold improvement costs, in accordance with accounting principles.

Following TGA approval of the new premises' facilities, Cyclopharm will move both its Lucas Heights based operations and head office to the new facility.

OUTLOOK

We expect another lift in Technegas revenues and earnings in 2H 2016, driven by seasonally stronger sales associated with the northern hemisphere winter, continued strong sales performance in Canada and improved volumes in Asia, particularly as a result of the recent Chinese PAS consumable and Technegas Generator record order.

Given the strong clinical support for Technegas as the functional ventilation imaging agent of choice in determining PE[1], we believe the strong demand for Technegas will endure in our existing markets. We will continue to educate referring physicians on the clinical and safety superiority of our diagnostic capabilities in comparison to other competing technologies such as CTPA[2].

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

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

Managing Director's Review
Continued

The Directors maintain their view that FDA approval to sell Technegas into the US market provides Cyclopharm with the opportunity to significantly expand Cyclopharm's sales and profitability.

We look forward to introducing Technegas to the US market following the completion of our Phase 3 clinical trial program and anticipated approval by the FDA in mid-2018. Our meeting with the FDA in August 2016 provided further clarity in support of our strategy. Prior to commencing patient recruitment in early 2017 we expect to meet with the FDA once more before the final design of the clinical trial program is submitted for approval. Cyclopharm looks forward to updating shareholders following the outcome of this meeting. We also continue to actively pursue the regulatory approvals to commence sales in other promising new markets such as Russia.

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

We expect the Molecular Imaging division, which houses the Cyclotron, to again record a nominal operating loss in the second half of 2016. Operating costs of approximately $25,000 per month will be incurred while the future of the facility is being determined. It is ultimately intended to continue to utilise the Cyclotron facility at MUH to progress research and development activities until a longer-term use for the facility is determined, which may result in its sale.

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

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

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

In summary, I expect Cyclopharm to achieve further solid sales and earnings growth in 2016 and to maintain a healthy capital position. I look forward to continuing to report to our shareholders as we gain momentum in realising our profitable growth objectives and delivering rewards to our investors.

James McBrayer
Managing Director

Sydney, 19 August 2016

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 2016.

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 (retired on 11 May 2016)
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 half year profit before tax of $788,975 (2015: profit before tax of $285,258). The previous period's results were significantly impacted by the timing difference in sales of Patient Administration Sets ("PAS") to the French market where the entire annual demand for that market occurred in the second half of the 2015 financial year. 350 PAS sets were sold to France in 2016 compared with none in the previous period.

The half year profit before tax showed an increase despite the Molecular Imaging division recording a loss before tax of $202,053 (2015: loss before tax of $38,332) while higher FDA expenses of $417,509 (2015: $157,594) were incurred during the current period.

Sales of TechnegasPlus generators fell by 6% (unit sales increased by 4%) as a result of sales mix while revenue from PAS excluding sales to France grew robustly by 13% (unit sales excluding sales to France increased by 8%).

Financial Position

Net assets have decreased from $13,102,243 as at 31 December 2015 to $12,316,005 as at 30 June 2016 predominantly due to a decrease of $836,833 in the foreign currency translation reserve and dividends paid of $278,193 offset by the net gain of $283,614 for the period.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 25 July 2016, the Company issued 138,000 Long Term Incentive Plan shares to employees under its non-recourse loan payment plan at an exercise price of $1.20.

On 26 July 2016, the Company entered into a contract to fit out its new factory premises at Kingsgrove, New South Wales for $1,435,782. The works are expected to be completed by year end.

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

DIVIDEND

The Directors are pleased to declare a partially franked interim dividend of 0.5 cents per share which will be paid on 12 September 2016. The record date for the interim dividend is 5 September 2016.

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

Subject to no material change in financial affairs and having regard to the above factors, the Directors anticipate they will declare dividends for each forthcoming half year period, and that the FY2016 final dividend will be an amount equal to or greater than the 2016 interim dividend.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

James McBrayer
Managing Director & CEO

Sydney, 19 August 2016

nexia australia

the next solution

19 August 2016

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

Dear Board Members

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

As lead audit partner for the review of the financial statements of Cyclopharm Limited for the half year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Nexia Sydney Audit Pty Ltd
Chartered Accountants

Stephen Fisher
Director

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Condensed Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2016

	Notes	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
CONTINUING OPERATIONS			
Sales revenue		6,456,714	5,077,740
Finance revenue		28,891	25,343
Total Revenue		**6,485,605**	**5,103,083**
Cost of materials and manufacturing		(1,147,122)	(1,126,869)
Employee benefits expense		(1,677,363)	(1,509,979)
Advertising and promotion expense		(134,010)	(152,435)
Depreciation and amortisation expense		(53,749)	(77,052)
Freight and duty expense		(232,125)	(222,002)
Research and development expenses		(436,919)	(173,646)
Administration expense		(1,617,806)	(1,244,885)
Other expenses		(387,781)	(298,049)
Profit before tax and finance costs		**798,730**	**298,166**
Finance costs		(9,755)	(12,908)
Profit before income tax		**788,975**	**285,258**
Income tax expense		(505,361)	(106,416)
Net profit for the period		**283,614**	**178,842**
Other comprehensive loss after income tax			
Items that will be re-classified subsequently to profit and loss when specific conditions are met:			
Exchange differences on translating foreign controlled entities (net of tax)		(836,833)	(311,149)
Total comprehensive loss for the year		**(553,219)**	**(132,307)**
Earnings per share (cents per share)	4	**cents**	**cents**
-basic earnings per share for continuing operations		0.51	0.32
-basic earnings per share		0.51	0.32
-diluted earnings per share		0.48	0.31

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 2016

	Notes	Consolidated 30 June 2016 $	Consolidated 31 December 2015 $
Assets			
Current Assets			
Cash and cash equivalents		6,815,987	6,444,995
Trade and other receivables		3,508,781	4,420,505
Inventories		2,599,202	2,208,613
Other assets - prepayments		60,366	23,956
Total Current Assets		**12,984,336**	**13,098,069**
Non-current Assets			
Property, plant and equipment		569,351	631,706
Investments accounted for using the equity method	5	-	-
Intangible development assets		1,559,404	1,311,719
Deferred tax assets		1,259,879	1,499,423
Total Non-current Assets		**3,388,634**	**3,442,848**
Total Assets		**16,372,970**	**16,540,917**
Liabilities			
Current Liabilities			
Trade and other payables		2,422,035	1,754,383
Interest bearing loans and borrowings	6	-	45,877
Provisions		1,049,250	945,129
Tax liabilities		366,769	475,428
Total Current Liabilities		**3,838,054**	**3,220,817**
Non-current Liabilities			
Interest bearing loans and borrowings	6	-	151,499
Provisions		72,872	58,544
Deferred tax liabilities		5,926	7,814
Deferred income liabilities	7	140,113	-
Total Non-current Liabilities		**218,911**	**217,857**
Total Liabilities		**4,056,965**	**3,438,674**
Net Assets		**12,316,005**	**13,102,243**
Equity			
Contributed equity	8	14,962,967	14,962,967
Employee equity benefits reserve		541,019	495,845
Foreign currency translation reserve		(659,173)	177,660
Accumulated losses		(2,528,808)	(2,534,229)
Total Equity		**12,316,005**	**13,102,243**

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 2016

	Consolidated	
	30 June 2016	30 June 2015
	$	$
Operating activities		
Receipts from customers	7,332,028	5,340,976
Payments to suppliers and employees	(5,995,075)	(4,456,884)
Interest received	28,891	25,343
Borrowing costs paid	(9,755)	(12,908)
Income tax paid	(606,272)	(21,167)
Net cash flows from operating activities	**749,817**	**875,360**
Investing activities		
(Purchase) of / Proceeds from disposal of property, plant and equipment	(3,906)	19,592
Payments for deferred expenditure*	(248,424)	(513,487)
Net cash flows used in investing activities	**(252,330)**	**(493,895)**
Financing activities		
Dividends paid	(278,194)	-
Repayment of bank borrowings	(197,376)	(32,172)
Net cash flows used in financing activities	**(475,570)**	**(32,172)**
Net increase in cash and cash equivalents	**21,917**	**349,293**
Cash and cash equivalents		
at beginning of the period	**6,444,995**	**3,268,425**
net foreign exchange differences from translation	349,075	(4,357)
at end of the period	**6,815,987**	**3,613,361**

* Included in payments for deferred expenditure are amounts incurred on Ultralute $196,090 (2015: $398,741) and the development of the next generation of the Technegas generator $35,963 (2015: $91,501).

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 2016

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 2015	**20,296,125**	**(5,333,158)**	**14,962,967**	**(7,048,967)**	**(523,099)**	**365,259**	**7,756,160**
Profit for the half year	-	-	-	178,842	-	-	178,842
Other comprehensive loss	-	-	-	-	(311,149)	-	(311,149)
Total comprehensive profit/(loss) for the half year	**-**	**-**	**-**	**178,842**	**(311,149)**	**-**	**(132,307)**
Cost of share based payments	-	-	-	-	-	88,327	88,327
Total transactions with owners and other transfers	**-**	**-**	**-**	**-**	**-**	**88,327**	**88,327**
Balance at 30 June 2015	**20,296,125**	**(5,333,158)**	**14,962,967**	**(6,870,125)**	**(834,248)**	**453,586**	**7,712,180**
Balance at 1 January 2016	**20,296,125**	**(5,333,158)**	**14,962,967**	**(2,534,229)**	**177,660**	**495,845**	**13,102,243**
Profit for the half year	-	-	-	283,614	-	-	283,614
Other comprehensive loss	-	-	-	-	(836,833)	-	(836,833)
Total comprehensive profit/(loss) for the half year	**-**	**-**	**-**	**283,614**	**(836,833)**	**-**	**(553,219)**
Dividends paid	-	-	-	(278,193)	-	-	(278,193)
Cost of share based payments	-	-	-	-	-	45,174	45,174
Total transactions with owners and other transfers	**-**	**-**	**-**	**(278,193)**	**-**	**45,174**	**(233,019)**
Balance at 30 June 2016	**20,296,125**	**(5,333,158)**	**14,962,967**	**(2,528,808)**	**(659,173)**	**541,019**	**12,316,005**

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

Condensed Consolidated
Notes to the Financial Statements
for the half year ended 30 June 2016

1. CORPORATE INFORMATION

The Half Year financial report of Cyclopharm Limited for the half year ended 30 June 2016 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 2016 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 2015, together with any public announcements made during the following half-year.

Accounting Policies

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

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the December 2015 annual report.

New and Amended Accounting Standards and Interpretations adopted by the Group

The Group adopted the following Australian Accounting Standards (new and amended) from the mandatory application date of 1 January 2016. The new and amended Standards are not expected to have a significant impact on the Group's financial statements.

AASB 1057: Application of Australian Accounting Standards

This Standard deletes the application paragraphs previously contained in each Australian Accounting Standard (or interpretation) and moves them into this Standard. The application requirements of each other Australian Accounting Standard have not been amended.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method as per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity upon initial application of the Standard.

AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)

These amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The standard also clarified that revenue is generally presumed to be an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

AASB 2014-6: Agriculture: Bearer Plants (Amendments to AASB 116 and AASB 141)

AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants amends AASB 116 and AASB 141 to add a definition of bearer plant and includes bearer plants within the scope of AASB 116 instead of AASB 141.

AASB 2014-9: Equity Method in Separate Financial Statements (Amendments to AASB 127)

Amends IAS 27 to permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

AASB 2015-1: Annual Improvements to Australian Accounting Standards 2012-2014

This Standard makes amendments to various Accounting Standards arising from the IASB's Annual Improvements process, namely:

AASB 5 – changes in methods of disposal from sale to distribution
AASB 7 – applicability of disclosures to servicing contracts and interim financial statements
AASB 119 – clarifies that the government bond rate used in measuring employee benefits should be those denominated in the same currency
AASB 134 – permits the cross referencing of disclosures elsewhere in the financial report

Notes
Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project.

AASB 2015-5: Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception

The Standard amends AASB 10, AASB 12 and AASB 128:
a) to confirm that the exemption from preparing consolidated financial statements set out in paragraph 4(a) of AASB 10 is available to a parent entity that is a subsidiary of an investment entity;
b) to clarify the applicability of AASB 12 to the financial statements of an investment entity; and
c) to introduce relief in AASB 128 to permit a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

AASB 2015-9: Amendments to Australian Accounting Standards – Scope And Application Paragraphs

These amendments correct previous drafting errors resulting from the introduction of AASB 1057 and reintroduce the scope paragraphs of AASB 8 and AASB 133 into those Standards.

There is no change to the requirements or the applicability of AASB 8 and AASB 133.

New Accounting Standards and Interpretations Not Yet Adopted

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

Applicable to annual reporting periods beginning on or after 1 July 2016:

AASB 2014-1: Amendments to Australian Accounting Standards (Part D)

Part D of this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14: Regulatory Deferral Accounts in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Group's financial statements.

Applicable to annual reporting periods beginning on or after 1 January 2017, these amendments to Standards are not expected to have a significant impact on the Group's financial statements:

AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

New Accounting Standards and Interpretations Not Yet Adopted (continued)

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

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

Applicable to annual reporting periods beginning on or after 1 January 2018:

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

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

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

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

The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-10. These amended Standards are not expected to have a significant impact on the Group's financial statements.

AASB 9: Financial Instruments and associated Amending Standards

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

New Accounting Standards and Interpretations Not Yet Adopted (continued)

AASB 15: Revenue from Contracts with Customers

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

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

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

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

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

AASB 16: Leases

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

New Accounting Standards and Interpretations Not Yet Adopted (continued)

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

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

3. SEGMENT REPORTING

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

3. SEGMENT REPORTING

	Consolidated		
For the period ended	**Technegas**	**Molecular Imaging**	**Total**
30 June 2015	**$**	**$**	**$**
Revenue			
Sales to external customers	5,032,680	45,060	5,077,740
Finance revenue	25,314	29	25,343
Total segment revenue	**5,057,994**	**45,089**	**5,103,083**
Result			
Profit / (Loss) before tax, depreciation and finance costs	**409,001**	**(33,783)**	**375,218**
Depreciation and amortisation	(73,058)	(3,994)	(77,052)
Profit / (Loss) before tax and finance	**335,943**	**(37,777)**	**298,166**
Finance costs	(12,353)	(555)	(12,908)
Profit / (Loss) before tax	**323,590**	**(38,332)**	**285,258**
Income tax expense	(106,416)	-	(106,416)
Net Profit / (Loss) for the period	**217,174**	**(38,332)**	**178,842**
Assets and liabilities			
Segment assets	9,565,024	1,799,993	11,365,017
Segment liabilities	3,253,905	398,932	3,652,837

4. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	30 June 2016	31 December 2015
	$	$
Net assets per share	0.21	0.22
Net tangible assets per share	0.18	0.20
	Number	Number
Number of ordinary shares for net assets per share	59,588,733	59,588,733
	30 June 2016	31 December 2015
	$	$
Net assets	12,316,005	13,102,243
Net tangible assets	10,756,601	11,790,524

There were no movements in the number of ordinary shares during the period.

Earnings per share

	Consolidated	
	30 June 2016	30 June 2015
	$	$
Net earnings attributable to equity holders of the parent	283,614	178,842
	cents	cents
- basic earnings per share for continuing operations	0.51	0.32
- basic earnings per share	0.51	0.32
- diluted earnings per share	0.48	0.31
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	55,735,026	55,661,687
Weighted average number of ordinary shares for diluted earnings per share	59,588,733	57,385,143

There were no movements in the number of ordinary shares during the period.

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	30 June 2016	31 December 2015
	$	$
Associated companies	-	-

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest	
				30 June 2016	31 December 2015
Macquarie Medical Imaging Pty Ltd	Imaging centre	Australia	Preference	20%	20%

	Consolidated	
	30 June 2016	31 December 2015
Macquarie Medical Imaging Pty Ltd	$	$
At 1 January	-	-
(Repayment made by) / Loan to associate	-	-
Reversal / (Share) of losses after income tax	-	-
At 30 June / 31 December	-	-

Cyclopet Pty Ltd has a 20% (2015: 20%) interest in Macquarie Medical Imaging Pty Ltd. The share of the associate's loss not recognised during the period was $267,295 (30 June 2015: loss of $258,394) and the cumulative share of the associate's loss not recognised as at 30 June 2016 was $1,487,384 (31 December 2015: $1,220,089). The comparative amounts have been revised after the receipt of the audited financial report of the associate subsequent to the last financial report of the Group.

The share of loss of associate not recognised as at 30 June 2016 is extracted from the unaudited financial report of the associate, and it may be revised when that financial report has been audited.

The fair value of the Group's investment in Macquarie Medical Imaging Pty Ltd was $nil (2015: $nil).

6. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	30 June 2016	31 December 2015
	$	$
Current		
Bank loan - secured (i)	-	45,877
Interest bearing loans and liabilities (current)	**-**	**45,877**
Non-current		
Bank loan - secured (i)	-	151,499
Interest bearing loans and liabilities (non-current)	**-**	**151,499**
Total financial liabilities	**-**	**197,376**
Total facilities	-	197,376
Facilities used at reporting date	-	(197,376)
Facilities unused at reporting date	**-**	**-**

(i) Cyclopharm's wholly owned subsidiary, Cyclomedica Ireland Limited, had a flexible rate loan provided by the Allied Irish Banks, plc. with a repayment period of 7 years. The facility was secured by a registered Fixed and Floating Charge and First Registered Debenture over Cyclomedica Ireland Limited and a guarantee from Cyclomedica Europe Limited.

This loan was fully repaid on 7 March 2016.

7. DEFERRED INCOME LIABILITIES

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

8. CONTRIBUTED EQUITY

		Consolidated			
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
	Notes	Number	Number	$	$
Issued and paid up capital					
Ordinary shares	(i)	59,588,733	57,385,143	20,296,125	20,296,125
Other contributed equity		-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**59,588,733**	**57,385,143**	**14,962,967**	**14,962,967**
Ordinary shares					
Issued and paid up capital					
Balance at the beginning and end of period		**59,588,733**	**57,385,143**	**20,296,125**	**20,296,125**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(i) There were no movements in issued and paid up capital during the period ended 30 June 2016 and 30 June 2015. Subsequent to balance date, the Company issued 138,000 Long Term Incentive Plan shares on 25 July 2016 under its non-recourse loan payment plan at an exercise price of $1.20.

Dividends

The Directors declared a partially franked interim dividend of 0.5 cents per share which has not been recognised in these consolidated financial statements as it was declared subsequent to 30 June 2016. A fully franked final dividend of 0.5 cents per share in respect of the financial year ended 31 December 2015 (2014: nil) was paid during the current financial period.

	Consolidated			
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	Cents per share	Cents per share	$	$
Fully paid ordinary shares				
Final dividend for the financial year				
- Fully franked at 30% corporate tax rate	0.5	-	(278,193)	-
	0.5	**-**	**(278,193)**	**-**

9. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

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

	Consolidated	
	30 June 2016	31 December 2015
	$	$
Operating Lease Commitments		
Minimum lease payments		
Due not later than one year	584,677	305,825
Due later than 1 year & not later than 5 years	1,870,377	901,504
More than 5 years	-	623,130
Total operating lease commitments	**2,455,054**	**1,830,459**
Operating lease expenses recognised as an expense during the period	337,589	194,749

- Cyclomedica Australia Pty Ltd's ("CMAPL") commercial lease on office and manufacturing space within the Australian Nuclear Science and Technology Organisation's ("ANSTO") premises has expired on 28 February 2016. ANSTO has advised CMAPL that the lease will not be renewed upon expiry.
- CMAPL has entered into a commercial lease on office and manufacturing space at Kingsgrove, New South Wales, for 5 years with renewal options included in the contract. The landlord has agreed in principle to extend the lease from 5 years to 10 years. The proposed lease term extension is not reflected in the lease commitments disclosed above.
- Cyclopet Pty Ltd has entered into a commercial lease for the PET Facility at Macquarie University Hospital. The lease has a term of 10 years and commenced upon commissioning of the Hospital in June 2010.
- 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

The Group has no finance lease commitments.

9. COMMITMENTS AND CONTINGENCIES (continued)

(c) Other commitments – Bank loan repayments

	Consolidated	
	30 June 2016	31 December 2015
	$	$
The company has the following other commitments:		
Not later than one year	-	45,877
Due later than 1 year & not later than 5 years	-	151,499
More than 5 years	-	-
Total	**-**	**197,376**

Cyclopharm's wholly owned subsidiary, Cyclomedica Ireland Limited, had a flexible rate loan provided by the Allied Irish Banks, plc. with a repayment period of 7 years. The facility was secured by a registered Fixed and Floating Charge and First Registered Debenture over Cyclomedica Ireland Limited and a guarantee from Cyclomedica Europe Limited.

This loan was fully repaid on 7 March 2016.

(d) Capital commitments

There were no material changes to the commitments disclosed in the 2015 Annual Report as at the reporting date.

9. COMMITMENTS AND CONTINGENCIES (continued)

(e) Contingent liabilities

(i) Macquarie Medical Imaging Pty Ltd's ("MMI") financing facility provided by the Commonwealth Bank of Australia ("CBA") was refinanced in June 2015 by De Lage Landen Pty Limited ("DLL"), part of the Rabobank Group. DLL does not require corporate guarantees from MMI's shareholders. Previously, Cyclopharm Limited and CycloPet Pty Ltd had jointly guaranteed with other investors to provide security for the whole MMI financing facility provided by the CBA.

(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 $1,796,519 (31 December 2015: $1,614,724). If the put option was issued and exercised, control of MMI would be transferred to the Group and MMI's financial statements would be consolidated from that date.

10. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

CONSOLIDATED		Sales to related parties $	Purchases from related parties $	Repayment from related parties $	Amounts owed by related parties $	Provision for doubtful debts on Amounts owed by related parties $
Pilmora Pty Ltd	*2016*	-	11,888	-	-	-
	2015	-	15,914	-	-	-
Macquarie Medical Imaging	*2016*	-	-	-	230,782	230,782
	2015	-	-	-	230,782	230,782

Ultimate parent entity

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

Terms and conditions of transactions with related parties

- During the year, payments of $11,888 (2015: $15,914) were made to Pilmora Pty Ltd (an entity controlled by Director, Henry Townsing Sr.). All payments related to Mr Townsing's role as a non-executive director.
- Cyclopet Pty Ltd, a wholly owned subsidiary of Cyclopharm has a 20% interest in Macquarie Medical Imaging. Prior to ceasing commercial operations at the end of April 2014, Cyclopet manufactured products that were sold to Macquarie Medical Imaging. As the trade debtor balance of $230,782 (2015: $230,782) is not expected to be repaid in the short term, it is included as an interest in the associate and a share of the associate's losses has been recognised under the equity method as disclosed in Note 5.

11. DIVIDEND DECLARED DETAILS

The Company has declared a partially franked interim dividend of 0.5 cents per share which will be paid on 12 September 2016. The record date for the interim dividend is 5 September 2016.

12. EVENTS AFTER THE BALANCE SHEET DATE

On 25 July 2016, the Company issued 138,000 Long Term Incentive Plan shares under its non-recourse loan payment plan at an exercise price of $1.20.

On 26 July 2016, the Company entered into a contract to fit out its new factory premises at Kingsgrove, New South Wales for $1,435,782. The works are expected to be completed by year end.

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

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Directors' Declaration

In the opinion of the directors of Cyclopharm Limited:

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

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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, 19 August 2016

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Independent Auditor's Review Report

To the members of Cyclopharm Limited:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cyclopharm Limited, which comprises the Condensed Consolidated Statement of Financial Position as at 30 June 2016, the Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, of the group comprising Cyclopharm Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *the Corporations Regulations 2001*. As the auditor of Cyclopharm Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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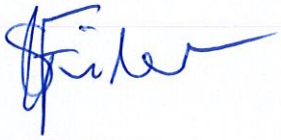
Conclusion

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

i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

Nexia Sydney Audit Pty Ltd
Chartered Accountants



Stephen Fisher
Director

Sydney, 19 August 2016

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General Information

Directors
Vanda Gould
Non-Executive Chairman

James McBrayer
Managing Director & CEO

David Heaney
Non-Executive Director

Company Secretary
James McBrayer

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