Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2008

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	No of Pages	28 incl. cover
Date	22 August 2008		
From	William Richardson		
Subject	**Appendix 4D**		

Please see attached 30 June 2008 Half Year Report for Cyclopharm Limited (ASX - CYC).

For all enquiries please contact

Mr William Richardson
Company Secretary
Cyclopharm Limited

Telephone (03) 9867 2811 or email: wrichardson@cyclopharm.com.au

Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2008

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 2008	30 June 2007

2. Results for announcement to the market

2.1 Revenues from ordinary activities	down	9%	to	4,351,514
2.2 Profit from ordinary activities after tax attributable to members	up	501%	to	169,651
2.3 Profit for the period attributable to members	up	501%	to	169,651

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

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

2. Results for announcement to the market (continued)

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

OVERVIEW

Net profit after tax for the half year was $169,651 (2007: Net loss after tax was $42,290). Whilst sales of the Company's key products TechnegasPlus generators ("Generators") and Patient Administration Sets ("PAS"), were down gross profit margins improved due to a shift in the sales mix (fewer Technegas Generators and more PAS). The improvement in profitability can be attributed to higher sales margins and the absence of certain one off costs experienced in 2007. The Molecular Imaging business did not contribute revenue during the period and we plan to make its products available sometime late in 2009.

MOLECULAR IMAGING

Construction at our two PET Nuclear Pharmacy sites is underway. We are undertaking major construction works in Sydney at the Macquarie University Private Hospital. Fit-out of the production and laboratories is expected in early 2009 and completion is scheduled during the first half of 2009. No revenue was earned during the period.

NEW DRUG APPLICATION

The application for registration to sell Technegas in the US has been pursued for the past decade and appears finally within reach. Our Phase III clinical trial was completed in October 2007 and since then our submission has been compiled and approximately 85% complete. Our final step is to consolidate the results of several clinical trials that demonstrate the superiority of Technegas in comparison to other imaging techniques. The Company expects to lodge its New Drug Application ("NDA") with the Food and Drug Administration ("FDA") in the second half of 2008.

OUTLOOK

The Company will continue to focus on developing its Molecular Imaging business. We expect to complete construction of our Sydney PET Nuclear Pharmacy in mid 2009 and are hopeful that the business will contribute revenues in the later part of 2009.

We expect stronger sales revenue in the second half of 2008 but anticipate full year sales to be lower than 2007. We forecast improved profitability due to higher gross margins on sales due to product mix (more PAS sales to Generator sales) and the absence of certain non-recurring costs incurred in 2007. We are poised to lodge our NDA in the US this financial year.

3. Net tangible assets

	30 June 2008	31 December 2007
Net Tangible Assets per security	$0.04	$0.04

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

Not applicable

8. Foreign Entities

Not applicable

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 2008

cyclopharm

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Contents

Highlights

Half Year ended 30 June		2007	2008	% Change
Sales Revenue	$'000	4,791	4,352	(9%)
Profit before tax and finance	$'000	149	482	223%
NPAT	$'000	(42)	170	505%
EPS	cents	(0.03)	0.12	500%

Technegas underpins success

Technegas continues to assert its relevance as a leading diagnostic imaging tool. The installed Technegas generator base produces reliable sales, profits and cashflows.

One step closer to US approval to sell Technegas

Our submission to the US regulatory authorities to sell Technegas is imminent. The submission is 85% complete and is expected to be lodged in the second half of 2008.

New markets and future growth for Technegas

In May 2008, we received regulatory approval in Brazil. Further growth is expected from Eastern Europe, Russia and Latin America.

Australian government recognises benefits of PET

In July 2008, the Australian government doubled the approved PET indications demonstrating the undeniable benefits PET has to offer cancer patients.

PET Nuclear Pharmacy infrastructure footprint

We have commenced development of our two strategic sites in Sydney and Melbourne – the foundations of our PET Nuclear Pharmacy infrastructure footprint.

Managing Director's Review

FEATURES

I am pleased to present Cyclopharm Limited's half year results for the first time as Managing Director. I accepted stewardship of Cyclopharm in June 2008 with the challenge to deliver on the Company's many prospects and grow shareholder value. Most of my professional career has been spent within the field of nuclear medicine. It is an honour to be part of an organisation whose products help save lives every day.

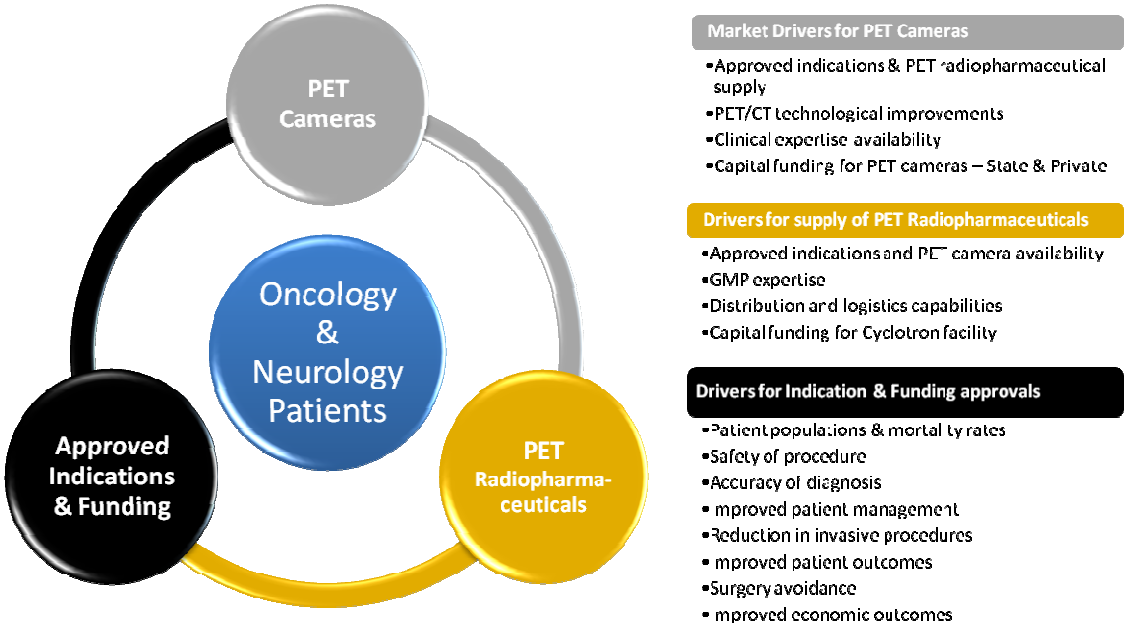
I share the Directors' vision of Australia following trends experienced in the United States ("US") and Europe for nuclear medicine products, specifically PET ("Positron Emission tomography") radiopharmaceuticals. The Board reiterates its strategy to position Cyclopharm to service the mounting demand for PET radiopharmaceuticals in Australia and the Asia Pacific region.

Net profit after tax for the half year was $169,651 (2007: Net loss after tax was $42,290). Whilst sales of the Company's key products TechnegasPlus generators ("Generators") and Patient Administration Sets ("PAS"), were down gross profit margins improved due to a shift in the sales mix (fewer Technegas Generators and more PAS). The improvement in profitability can be attributed to higher sales margins and the absence of certain one off costs experienced in 2007. The Molecular Imaging business did not contribute revenue during the period and we plan to make its products available sometime late in 2009.

The Directors are encouraged with the progress of the Company's businesses in the first half of 2008. Technegas continues to assert its relevance as a leading diagnostic imaging tool and we have moved one step closer to approval for the sale of Technegas in the US. As for the Molecular Imaging division, we have secured two strategic sites and have reached a significant construction stage in Sydney at the Macquarie University Private Hospital.

The following depicts the drivers for PET growth. There is a distinct interdependence between all elements. At the centre are the patients Cyclopharm's radiopharmaceuticals will ultimately benefit.

Market Drivers – Positron Emission Tomography (PET)



Managing Directors Review
Continued

OPERATING REVIEW

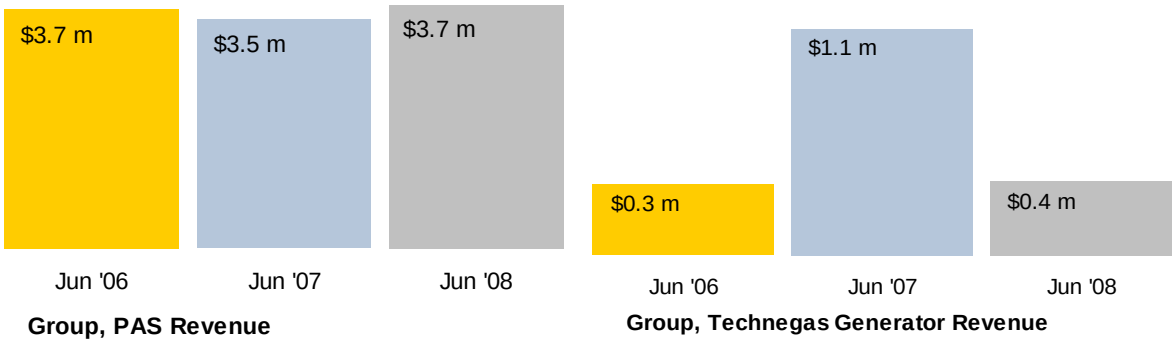
Technegas

Sales revenue from ordinary activities was down 9% to $4.35 m (2007: $4.79 m). We recorded a profit before income tax of $594,999 slightly lower than the prior year (2007: $603,982).

Sales revenue from the Company's key products, Generators and PAS were 11% lower than June 2007. Principally, sales revenue fell due to lower Generator sales. We recorded 18 Generator sales in the first half – a figure substantially lower than the same time last year (2007: 48). In 2007, we benefited in unit sales and sales revenue from the release of the then new TechnegasPlus Generator. Many of our existing and new customers took advantage of special introductory pricing offered on the new TechnegasPlus generator in 2007 the first major upgrade since 1986. The offer was not extended into 2008.

PAS or consumable revenue amounted to $3.72 million (67,000 units) for the current period (2007: $3.48 million or 72,850 units). Sales volume of PAS were impacted by timing which we expect to recover in the second half. Gross profit margins improved following strategic measures to 'go direct' to certain distributors and customers.

Technegas Markets / Revenue Composition



Group, PAS Revenue **Group, Technegas Generator Revenue**

Europe
Europe remains our most important market. Sales revenue decreased 13% on the same time last year due to lower Generator and PAS sales. We do not expect full year Generator sales to replicate those of 2007 but are confident that PAS sales in the second half will be stronger than in the first. We have had some success in achieving greater profitability from PAS sales by "going direct" to certain distributors and customers. Where appropriate we will continue to apply this strategy throughout other European territories.

North America
Once again PAS sales in North America have exceeded expectations. We recorded 20% growth in PAS sales compared to the first half of 2007. On a country basis, Canada is now Technegas's third largest market and a strong indicator for anticipated take up rates in the US, should approval to sell Technegas be obtained.

Asia Pacific
In Australia, Technegas enjoys a very high market share and revenue growth from this market has been flat in recent years. This pattern continued in the current period, revenue was 2% lower than at the half year in 2007. In Asia, revenue was behind the same time last year. Modest growth is expected for the remainder of 2008 while new approvals are pending in South Korea, Japan and China.

Managing Directors Review
Continued

OPERATING REVIEW (continued)

New Markets
In May 2008 we announced the long-awaited regulatory approval to sell Technegas in Brazil, a country with over 350 nuclear medicine departments. We expect to reap the benefits in the second half of 2008. In February 2008, we announced the placement of our first machine into Russia, which has over 700 nuclear medicine departments and represents a key untapped market in Europe.

New Drug Application

The application for registration to sell Technegas in the US has been pursued for the past decade and appears finally within reach. Our Phase III clinical trial was completed in October 2007 and since then our submission has been compiled and is now 85% complete. Our final step is to consolidate the results of several clinical trials that demonstrate the superiority of Technegas in comparison to other imaging techniques. The Company expects to lodge its New Drug Application ("NDA") with the Food and Drug Administration ("FDA") in the second half of 2008.

We are confident that the clinical findings will conclusively document a diagnostic advantage for Technegas (a finding made in all other western and developed countries in the world) and this advantage will receive a positive recommendation from the FDA. Following submission the FDA response procedure is staged:

- Within 60 days from lodgement, the FDA is obliged to advise whether the application is accepted for review; and
- If the application is accepted for review, the FDA must provide a formal response within 12 months from the lodgement date.

Anecdotal evidence from within the medical fraternity suggests that the US is moving away from Computed Tomography Pulmonary Angiogram ("CTPA") for lung imaging due to the higher risk of radiation exposure. Many physicians are reverting back to lung ventilation scans to diagnose pulmonary embolism. Technegas is widely accepted as a superior product for lung imaging when compared with other ventilation scanning methods. Our technology is safe, proven and has benefited over two million patients. For these reasons we are optimistic that we will significantly penetrate the potential market of 7,000 nuclear medicine departments in the US.

MOLECULAR IMAGING

PET is clinically proven to better identify the location and extent of certain active cancer cells in the body. Consequently, clinicians can refine the decided course of treatment by either reducing the area of resection or lowering the course of therapy.

In July 2008, we advised shareholders of the Government's decision to expand PET approved indications to include ovarian cancer, colorectal cancer and recurrent melanoma. The impact of the Government's decision is twofold:

- Firstly, Australian cancer sufferers now have greater access to PET; and
- Secondly, a total of 6 PET indications are now available for reimbursement.

The Government's decision to increase approved PET indications and the growth in the PET/CT scanner base supports our strategy to develop an infrastructure footprint of PET Nuclear pharmacies in Australia. Project development for the Melbourne and Sydney sites are depicted below in relation to the critical steps required before commercialisation is achieved.

Managing Directors Review
Continued

MOLECULAR IMAGING (continued)

PET Nuclear Pharmacy – Phases of Development

Melbourne - Lloyd Street, Kensington

- ✓ Land purchased
- • Design under development
- • Construction to commence early 2009

Lloyd Street, Kensington is a proposed asset of Group

Sydney – Macquarie University Hospital

- ✓ Design phase completed
- ✓ Bunker construction completed
- ✓ Cyclotron selected
- • Fit-out commencing Q1 2009
- • Facility Certification scheduled Q3 2009

Macquarie University Private Hospital, not an asset of the Group

Construction at our two PET Nuclear Pharmacy sites is underway. We are undertaking major construction works in Sydney at the Macquarie University Private Hospital. Fit-out of the production and laboratories is expected in early 2009 and completion is scheduled during the first half of 2009. No revenue was earned during the period.

OUTLOOK

The Company will continue to focus on developing its Molecular Imaging business. We expect to complete construction of our Sydney PET Nuclear Pharmacy in mid 2009 and are hopeful that the business will contribute revenues in the later part of 2009.

We expect stronger sales revenue in the second half of 2008 but anticipate full year sales to be lower than 2007. We forecast improved profitability due to higher gross margins on sales due to product mix (more PAS sales to Generator sales) and the absence of certain non-recurring costs incurred in 2007.

We are poised to lodge our NDA in the US this financial year.

James McBrayer
Managing Director

Melbourne, 22 August 2008.

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 2008.

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 H Heaney	Non-Executive Director
Mr J S McBrayer	Managing Director (appointed 3 June 2008)
Mr J S Sharman	Non-Executive Director (appointed 5 August 2008)
Dr B C Salin	Non-Executive Director (resigned 25 January 2008)
Mr H G Townsing	Non-Executive Director

In accordance with the Constitution all directors with the exception of Mr James McBrayer and Mr John Sharman were elected by members at the Annual General Meeting on 8 May 2007 and rotate in accordance with the Company's Constitution. As Managing Director, the Constitution does not require that Mr James McBrayer be elected by the members. Mr John Sharman, resigned as Managing Director on 3 June 2008. He was appointed as a non-executive director on 5 August 2008 and will stand for election at the next Annual General Meeting.

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Operating Results for the Half Year

For the reporting period the economic entity recorded a consolidated profit after tax attributable to members of $169,651 (2007: Loss after tax $42,290).

SHARES ISSUED DURING THE YEAR

Long Term Incentive Plan

At the Annual General Meeting held on 8 May 2007, shareholders approved the Company's Long Term Incentive Plan ("LTIP Plan"). During the year 1,500,000 LTIP Plan shares were issued to key management personnel. Refer to Note 6. Share Based Payment Plans for further details.

DIVIDENDS

No dividends were declared or paid during the half year ended 30 June 2008.

ON MARKET BUY-BACK

The Company has not initiated an on market buy-back.

Directors' Report

Continued

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Cyclopharm advised its shareholders that Lloyd Street, Kensington would be the location of its purpose built facility in Melbourne on 7 January 2008. The group is committed to further expenditure of $1.6m at Lloyd Street, Kensington by 26 June 2009, assuming contractual obligations are met by the developer. On 14 March 2008, Cyclopharm announced the finalisation of an agreement to establish its first PET Nuclear Pharmacy in Sydney at the Macquarie University Private Hospital. During the period, Cyclopharm drew down $1.2m from its available facilities with the National Australia Bank to part fund construction.

SIGNIFICANT EVENTS AFTER BALANCE DATE

In the opinion of the directors, no items, transactions or events have arisen of a material or unusual nature to affect the operations, results or state of affairs of the consolidated entity between the end of the financial period and the date of this report.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Application to FDA to sell Technegas in the US

We expect to lodge our NDA application to sell Technegas in the US in the second half of the year. Refer to the Managing Director's Review for further detail on the New Drug Application to the FDA.

AUDITOR'S INDEPENDENCE DECLARATION

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

This report is made and signed in accordance with a resolution of the directors:

James McBrayer
Managing Director

Melbourne, 22 August 2008.

Russell Bedford
New South Wales

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Australia

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The Board of Directors
Cyclopharm Limited
Suite 630, Level 6
1 Queens Road. St Kilda Towers
MELBOURNE NSW 3004

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

TO THE DIRECTORS OF CYCLOPHARM LIMITED

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

RUSSELL BEDFORD NSW
Chartered Accountants

GREGORY C RALPH, M.COM, FCA
Partner
Sydney, 22 August 2008

Consolidated Income Statement

for the half year ended 30 June 2008

	Notes	Consolidated 30 June 2008 $	Consolidated 30 June 2007 $
CONTINUING OPERATIONS			
Sales revenue		4,351,514	4,790,891
Finance revenue		20,000	79,385
Total Revenue		**4,371,514**	**4,870,276**
Cost of materials and manufacturing		(883,388)	(1,382,632)
Employee benefits expense		(1,566,636)	(1,540,899)
Advertising and promotion expense		(50,354)	(67,835)
Depreciation and amortisation expense		(151,856)	(137,034)
Freight and duty expense		(216,358)	(211,926)
Research and development expense		(8,949)	(13,286)
Administration expense		(952,427)	(1,241,319)
Other expenses		(59,261)	(125,978)
Profit before tax and finance costs		**482,285**	**149,367**
Finance costs		(133,375)	(119,221)
Profit before income tax		**348,910**	**30,146**
Income tax expense		(179,259)	(72,436)
Net profit / (loss) attributable to members of the parent		**169,651**	**(42,290)**
Earnings per share (cents per share)	4	**cents**	**cents**
-basic earnings per share for continuing operations		0.12	(0.03)
-basic earnings per share		0.12	(0.03)
-diluted earnings per share		0.12	(0.03)

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

Consolidated Balance Sheet

as at 30 June 2008

	Notes	Consolidated 30 June 2008 $	Consolidated 31 December 2007 $
Assets			
Current Assets			
Cash and cash equivalents		1,471,748	1,204,543
Trade and other receivables		2,719,722	3,978,850
Inventories		2,636,776	2,348,074
Other assets - prepayments		1,620,473	232,262
Total Current Assets		**8,448,719**	**7,763,729**
Non-current Assets			
Trade and other receivables		-	3,422
Property, plant and equipment		1,540,940	973,402
Intangible assets		2,265,585	1,909,545
Deferred tax assets		354,040	327,451
Total Non-current Assets		**4,160,565**	**3,213,820**
Total Assets		**12,609,284**	**10,977,549**
Liabilities			
Current Liabilities			
Trade and other payables		1,301,120	1,252,937
Provisions		401,581	331,981
Tax liabilities		77,308	-
Total Current Liabilities		**1,780,009**	**1,584,918**
Non-current Liabilities			
Financial liabilities	5	2,733,250	1,511,500
Provisions		37,028	23,645
Deferred tax liabilities		640,941	515,342
Total Non-current Liabilities		**3,411,219**	**2,050,487**
Total Liabilities		**5,191,228**	**3,635,405**
Net Assets		**7,418,056**	**7,342,144**
Equity			
Contributed equity		7,806,726	7,841,223
Employee equity benefits reserve		123,644	73,666
Foreign currency translation reserve		(440,474)	(331,254)
Accumulated losses		(71,840)	(241,491)
Total Equity		**7,418,056**	**7,342,144**

The Balance Sheet is to be read in conjunction with the accompanying notes to the Half Year Report.

Consolidated Cash Flow Statement

for the half year ended 30 June 2008

	Notes	Consolidated 30 June 2008 $	Consolidated 30 June 2007 $
Operating activities			
Receipts from customers		5,532,280	5,748,483
Payments to suppliers and employees		(3,879,117)	(5,260,962)
Interest received		20,000	64,157
Borrowing costs paid		(133,375)	(119,221)
Income tax paid		(2,941)	(193,880)
Net cash flows from operating activities		**1,536,847**	**238,577**
Investing activities			
Purchase of property, plant and equipment		(2,010,884)	(132,863)
Payments for deferred expenditure		(374,710)	(289,110)
Net cash flows used in investing activities		**(2,385,594)**	**(421,973)**
Financing activities			
Proceeds from issue of shares		-	7,018,484
Costs of raising capital		-	(330,006)
Proceeds from drawdown / (repayment) of borrowings		1,221,750	(4,350,000)
Repayment of loan from related entity		-	(1,708,730)
Loans to external entities		3,422	(591,930)
Net cash flows from financing activities		**1,225,172**	**37,818**
Net increase / (decrease) in cash and cash equivalents		**376,425**	**(145,578)**
Cash and cash equivalents			
at beginning of the period		**1,204,543**	**1,403,328**
net foreign exchange differences from translation		(109,220)	(29,143)
at end of the period		**1,471,748**	**1,228,607**

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

Consolidated Statement of Changes in Equity

for the half year ended 30 June 2008

Consolidated	Share capital	Other Contributed Equity	Total Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Employee Equity Benefits Reserve	Total
	$	$	$	$	$	$	$
Balance at 1 January 2007	**6,515,030**	**(5,277,327)**	**1,237,703**	**(1,372,730)**	**(431,033)**	**-**	**(566,060)**
Currency translation difference	-	-	-	-	(29,141)	-	(29,141)
Total income (expense) for the half year recognised directly in equity	-	-	-	-	(29,141)	-	(29,141)
Profit for the half year	-	-	-	(42,290)	-	-	(42,290)
Total (expense) for the half year	**-**	**-**	**-**	**(42,290)**	**(29,141)**	**-**	**(71,431)**
Issue of share capital	7,018,484	-	7,018,484	-	-	-	7,018,484
Capital raising costs	(330,006)	-	(330,006)	-	-	-	(330,006)
Other	-	(1,388)	(1,388)	-	-	-	(1,388)
Balance at 30 June 2007	**13,203,508**	**(5,278,715)**	**7,924,793**	**(1,415,020)**	**(460,174)**	**-**	**6,049,599**
Balance at 1 January 2008	**13,136,880**	**(5,295,657)**	**7,841,223**	**(241,491)**	**(331,254)**	**73,666**	**7,342,144**
Cost of share based payments	**-**	**-**	**-**	**-**	**-**	49,978	**49,978**
Currency translation difference	-	-	-	-	(109,220)	-	(109,220)
Total income (expense) for the half year recognised directly in equity	-	-	-	-	(109,220)	49,978	(59,242)
Profit for the half year	-	-	-	169,651	-	-	169,651
Total income for the half year	**-**	**-**	**-**	**169,651**	**(109,220)**	**49,978**	**110,409**
Other	-	(34,497)	(34,497)	-	-	-	(34,497)
Balance at 30 June 2008	**13,136,880**	**(5,330,154)**	**7,806,726**	**(71,840)**	**(440,474)**	**123,644**	**7,418,056**

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

Notes to the Financial Statements

for the half year ended 30 June 2008

1. CORPORATE INFORMATION

The Half Year financial report of Cyclopharm Limited for the half year ended 30 June 2008 was authorised for issue with a resolution of the directors on the same date.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

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

It is recommended that the Half Year financial report be read in conjunction with the annual report for the year ended 31 December 2007 and considered together with any public announcements made by Cyclopharm Limited during the half year ended 30 June 2008 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars.

The accounting policies adopted are consistent with those in prior reporting periods except for the change in the Group's patent accounting policy as detailed in Note 8.

Notes
Continued

3. SEGMENT REPORTING (continued)

	Consolidated			
For the period ended	**Technegas**	**Molecular Imaging**	**Unallocated**	**Total**
30 June 2008	**$**	**$**	**$**	**$**
Revenue				
Sales to external customers	4,351,514	-	-	4,351,514
Finance revenue	-	-	20,000	20,000
Total segment revenue	**4,351,514**	**-**	**20,000**	**4,371,514**
Result				
Profit before tax and finance cost	**594,999**	**(116,783)**	**4,069**	**482,285**
Finance costs	-	(3,478)	(129,897)	(133,375)
Profit before income tax	**594,999**	**(120,261)**	**(125,828)**	**348,910**
Income tax expense	(179,259)	-	-	(179,259)
Net profit for the period	**415,740**	**(120,261)**	**(125,828)**	**169,651**

	Consolidated			
For the period ended	**Technegas**	**Molecular Imaging**	**Unallocated**	**Total**
30 June 2007	**$**	**$**	**$**	**$**
Revenue				
Sales to external customers	4,790,891	-	-	4,790,891
Finance revenue	-	-	79,385	79,385
Total segment revenue	**4,790,891**	**-**	**79,385**	**4,870,276**
Result				
Profit before tax and finance cost	**603,982**	**(219,000)**	**(235,615)**	**149,367**
Finance costs	-	**-**	(119,221)	(119,221)
Profit before income tax	**603,982**	**(219,000)**	**(354,836)**	**30,146**
Income tax expense	(72,436)	-	-	(72,436)
Net profit for the period	**531,546**	**(219,000)**	**(354,836)**	**(42,290)**

Notes
Continued

4. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	30 June 2008	31 December 2007
	$	$
Net assets per share	0.05	0.05
Net tangible assets per share	0.04	0.04
	Number	Number
Weighted average number of ordinary shares for net assets per share	138,866,760	134,429,563

Earnings per share

	Consolidated	
	30 June 2008	30 June 2007
	$	$
Net profit attributable to equity holders of the parent	169,651	(42,290)
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	138,866,760	134,429,563

The implied options as mentioned in Note 6 are not considered dilutive.

5. FINANCIAL LIABILITIES

	Consolidated	
	30 June 2008	31 December 2007
	$	$
Non-current		
Bank loan - secured	2,733,250	1,511,500
Financial liabilities (non-current)	**2,733,250**	**1,511,500**
Total financial liabilities	**2,733,250**	**1,511,500**
Total facilities	4,282,900	4,944,300
Facilities used at reporting date	(2,733,250)	(1,511,500)
Facilities unused at reporting date	**1,549,650**	**3,432,800**

Notes
Continued

6. SHARE BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for employee services received in relation to share based payments during the period is shown in the table below:

	Consolidated	
	30 June 2008	30 June 2007
	$	$
Expense arising from equity-settled share-based payment transactions	49,978	-

The accumulated share based payment expense to 30 June 2008 was $123,644.

(b) Type of share based payment plans

The share-based payment plan is described below. There have not been any modifications to the LTIP following its approval by members at the Annual General Meeting held on 8 May 2007.

Shares

AASB 2 Share based Payment requires that the benefit to an employee arising from an employee share scheme such as the Cyclopharm LTIP be treated as an expense in the period in which the benefit is gained since a corresponding loan applies to the issued LTIP Shares (although not required to be accounted for in the Financial Statements). A benefit to the employee is not considered to arise from the Shares themselves, instead the employee benefit is deemed to arise in the form of an implied option ("Implied Option"). Implied Options arising from the Plan are not listed and as such do not have a market value.

The value of the discount received by employees has been determined using a binomial pricing model and will be charged to the income statement over the vesting period. Other increments to share capital will be recognised as the share loans are settled by the relevant employees.

	Consolidated	
	30 June 2008	30 June 2007
	Number	Number
Long Term Incentive Plan Shares (not recognised)		
Balance at the beinning of the year	2,900,000	-
Granted during the period	1,500,000	3,000,000
Exercised during the period	-	-
Cancelled during the period	(900,000)	(100,000)
Balance at end of period	**3,500,000**	**2,900,000**

Notes
Continued

6. SHARE BASED PAYMENT PLANS (continued)

Shares (continued)

On 3 June 2008, 900,000 LTIP shares held by Mr John Sharman the former Managing Director were cancelled along with the corresponding non-recourse loan. On the same date, 1,400,000 LTIP Shares were issued to Mr James McBrayer upon appointment as Cyclopharm's Managing Director via a non-recourse loan.

7. CONTINGENCIES

There are no significant contingent assets or liabilities.

8. CHANGE IN ACCOUNTING POLICY

In the current period, costs incurred in the application for new patents of $44,512 were capitalised. Costs of similar nature were recognised in the income statement in prior years.

9. EVENTS AFTER THE BALANCE SHEET DATE

In the opinion of the directors, no items, transactions or events have arisen of a material or unusual nature to affect the operations, results or state of affairs of the consolidated entity between the end of the financial period and the date of this report.

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 2008 and of their performance for the half-year ended on that date; and

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

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

Signed in accordance with a resolution of the directors:

James McBrayer
Managing Director

Melbourne, 22 August 2008.

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 balance sheet as at 30 June 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility on the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 company's financial position as at 30 June 2008 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*.

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 entities financial position as at 30 June 2008 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

GREGORY C. RALPH M.Com., F.C.A.
Partner
Sydney, 22 August 2008

General Information

Directors
Vanda Gould
Non-Executive Chairman

James McBrayer
Managing Director

John Sharman
Non-Executive Director

David Heaney
Non-Executive Director

Henry Townsing
Non-Executive Director

Company Secretary
William Richardson

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Dublin 1 Ireland

Cyclomedica Ireland
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Auditors
Russell Bedford NSW
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

Bankers
National Australia Bank
151 Rathdowne Street
Carlton VIC 3053

Solicitors
Piper Alderman
Level 24, 385 Bourke Street
Melbourne VIC 3000

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

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