

| | | | |
|----------------|--------------------------------|-------------|----------------|
| To | COMPANY ANNOUNCEMENTS | | |
| Company | Australian Securities Exchange | No of Pages | 29 incl. cover |
| Date | 31 August 2010 | | |
| From | William Richardson | | |
| Subject | Appendix 4D | | |

Please see attached 30 June 2010 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

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 2010 | 30 June 2009 |

2. Results for announcement to the market

| | | | |
|--|---------------------|----|-----------------------------|
| 2.1 Revenues from ordinary activities | down 24% | to | 3,272,041 |
| 2.2 Loss from ordinary activities after tax attributable to members | Up 440% | of | (769,203) |
| 2.3 Loss for the period attributable to members | Up 440% | of | (769,203) |
| 2.4 Dividends | Amount per security | | Franked amount per security |
| Final dividend proposed | Not applicable | | Not applicable |
| Interim dividend | Not applicable | | Not applicable |
| 2.5 Record date for determining entitlements for the final dividend | Not applicable | | |

2. Results for announcement to the market (continued)

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

OVERVIEW

The net loss after tax for the half year was \$769,203 (2009: \$142,334). Sales of the Company's key products TechnegasPlus generators ("Generators") and Patient Administration Sets ("PAS") were lower than the prior year. Gross profit margins were consistent with the prior period. The reduction in profitability can be primarily attributed to the timing of sales and costs incurred during the start up phases of the cyclotron facility at MUH and our imaging joint venture MMI.

TECHNEGAS

Sales revenue from ordinary activities of \$3.27 m (2009: \$4.32 m) was lower than the prior comparative period. A loss before income tax of \$527,316 was recorded compared with a profit before income tax of \$20,460 in 2009.

Sales revenue from the Company's key products, Generators and Patient Administration Sets ("PAS") was 24% lower than June 2009. Principally, sales revenue fell due to lower PAS sales which we believe is due to a combination of timing and the impact the global shortage of Molybdenum 99 ("Mo99") had on all nuclear medicine procedures throughout the world. Mo99 is the isotope used to produce Sodium Pertechnetate Tc99m (Tc99m). Tc99m is the radioactive starting material that is used in the production of Technegas. I am pleased to report that the global Mo99 shortage is expected to be resolved by the end of August 2010. Traditionally Technegas sales are higher in the second half and we expect that trend to continue. We also expect a rebound effect as a result of the availability of Mo99.

While we have expanded our offering, recorded sales in the first half were virtually all related to Technegas. We recorded 25 Generator sales in the first half, a quantity consistent with the same time last year (2009: 25).

PAS or consumable revenue amounted to \$2.27 million (49,500 units) for the current period (2009: \$3.30 million or 60,700 units). As mentioned above, sales volume of PAS were impacted by timing which we expect to recover in the second half. Gross profit margins were consistent with the prior comparative period.

Operating costs were \$0.58 m lower than the prior comparative period. In the prior period legal costs of \$0.42 m were incurred in relation to the Clinquest Inc arbitration. These costs did not recur in 2010. The current year operating expenses were impacted by \$0.19 m in start up costs associated with MMI Cyclopharm's imaging department joint venture and the cyclotron facility at MUH.

MOLECULAR IMAGING

Macquarie University Hospital

After much anticipation, Macquarie University Hospital, Australia's first private teaching hospital located on a university campus was officially opened on 26 June 2010. The 183 bed facility is poised to set new benchmarks in health care with its emphasis on integrated clinical care, teaching and research. There are 12 operating theatres including 3 interventional and angiographic rooms.

The hospital and adjacent 6,000 square meter medical centre incorporates the Australian School of Advanced Medicine providing subspecialty surgical training and research. Professor Michael Morgan, one of Australia's foremost neurovascular surgeons, is the first Dean of the medical school and has the vision of the hospital being modeled on the Mayo clinic.

Macquarie Medical Imaging

Cyclopharm's medical imaging joint venture is now operational. MMI is the most technologically advanced imaging centre in Australia and represents a fully aligned and integrated diagnostic, therapeutic and research platform. MMI will provide patient's at the new hospital and neighbouring suburbs access to state of the art imaging facilities including 3T MRI, CT, X-ray, Ultrasound and Positron Emission Tomography (PET) scanning.

TGA Inspection of cyclotron facility

In late July 2010, the Australian Therapeutic Goods Authority (TGA) audited Cyclopharm's cyclotron facilities at MUH. Cyclopharm's cyclotron facility is Australia's most technologically advanced production and research facility for the manufacture of radioisotopes used in PET.

According to the Australian Institute of Health and Welfare, approximately, 115,000 Australians are expected to be diagnosed with cancer this year. This figure represents a 10% increase since 2006. Cyclopharm's products and research will play a major role in the early diagnosis and therapeutic management of these cancer patients.

Cyclopharm has already achieved all radiation safety licensing requirements to manufacture, use and dispense radioactive substances. The TGA approval for Good Manufacturing Process is the final step required to achieve full commercial status. As mentioned above, FDG is a key PET radioisotope used for PET scanning. TGA approval to manufacture FDG is expected in the coming months and meaningful revenues from FDG sales are expected this calendar year. Now that we have established our first PET facility we will now turn our focus on developing other manufacturing centres.

NEW DRUG APPLICATION

As previously advised in recent company updates, the United States ("USA") Food and Drug Administration ("FDA") is requiring Cyclopharm to complete an additional Phase III clinical trial prior to approving Technegas for sale in the USA.

Based on recent discussions with the FDA, our clinical trial protocol has been further refined. The protocol design will be completed and submitted to the FDA for review as a Special Protocol Assessment ("SPA") submission.

In parallel with the clinical trial development, we have also engaged a number of the leading United States medical centres to participate in the upcoming trial. Technegas is the globally recognised ventilation imaging agent of choice in determining pulmonary embolism from both a safety and efficacy standpoint.

The SPA process should be concluded by December 2010. I look forward to providing you updates as they become available.

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

OUTLOOK

The Company will continue to focus on developing its Molecular Imaging business. Cyclopharm Limited's production facilities have been commissioned and TGA licensing is pending. Full scale production is scheduled for the second half of the calendar year and the patient numbers at the imaging department, MMI are expected to ramp up in concert.

We expect the historical trend of stronger Technegas sales revenue in the second half of 2010. We forecast meaningful revenues from the cyclotron facility and profitability to be impacted start up costs associated with the cyclotron facility and MMI.

3. Net tangible assets

| | 30 June 2010 | 31 December 2009 |
|----------------------------------|---------------------|-------------------------|
| Net Tangible Assets per security | \$0.06 | \$0.07 |

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

The Company made an investment of \$400,000 for a 20% interest in Macquarie Medical Imaging Pty Ltd, an imaging joint venture at Macquarie University Hospital prior to 30 June 2010. The share of the associate's loss for the period was \$67,297.

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 2010**

**Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250**

cyclopharm

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Highlights

| Half Year ended 30 June | | 2009 | 2010 | % Change |
|-------------------------------------|-------|-----------|-----------|----------|
| Sales Revenue | \$ | 4,321,023 | 3,272,041 | (24%) |
| Profit before tax and finance costs | \$ | 20,460 | (527,316) | - |
| Net (Loss) after tax | \$ | (142,334) | (769,203) | (440%) |
| EPS | cents | (0.08) | (0.45) | (462%) |

Cyclotron Facility Commissioned



Cyclopharm has commissioned its cyclotron facility at Macquarie University Hospital. The facility is undergoing an audit by the Therapeutic Goods Administration.

Macquarie Medical Imaging commences operations



Macquarie Medical Imaging commenced operations at Macquarie University Hospital in July 2010. Macquarie Medical Imaging provides patients at the hospital and neighbouring suburbs access to a state of the art imaging facilities offering a full range of imaging modalities including Positron Emission Tomography scanning.

New Drug Application



Following constructive feedback from the Food and Drug Administration regarding our clinical trial design, management are coordinating the protocol resubmission. Provided that patient recruitment goes well, we could be in a position to submit our application to sell Technegas in the US by early 2012. Once filed we anticipate the approval process to take 9 to 12 months.

Managing Director's Review

FEATURES

I am pleased to inform shareholders that Cyclopharm Limited ("Cyclopharm") has recently converged upon a number of significant milestones in the organisation's history. While Technegas remains a critical element in our offering, Cyclopharm can no longer be considered a one product company. Firstly, our cyclotron facility at Macquarie University Hospital ("MUH") has been completed and is currently under review by the Therapeutic Goods Administration ("TGA"). Secondly, Macquarie Medical Imaging ("MMI") is now open for business and we are encouraged by the initial patient profile seen through the department. Cyclopharm's purpose built cyclotron facility will supply PET ("Positron Emission Tomography") radiopharmaceuticals to the PET/CT cameras within the imaging centre at MUH.

The net loss after tax for the half year was \$769,203 (2009: \$142,334). Sales of the Company's key products TechnegasPlus generators ("Generators") and Patient Administration Sets ("PAS") were lower than the prior year. Gross profit margins were consistent with the prior period. The reduction in profitability can be primarily attributed to the timing of sales and costs incurred during the start up phases of the cyclotron facility at MUH and our imaging joint venture MMI.

Your directors expect stronger sales of Technegas in the second half and meaningful revenues from the Molecular Imaging division in the form of Fluoro Deoxy Glucose ("FDG") sales once approval from the TGA to sell FDG is obtained. FDG is a key PET radioisotope used for PET scans.

OPERATING REVIEW

Technegas

Sales revenue from ordinary activities of \$3.27 m (2009: \$4.32 m) was lower than the prior comparative period. A loss before income tax of \$527,316 was recorded compared with a profit before income tax of \$20,460 in 2009.

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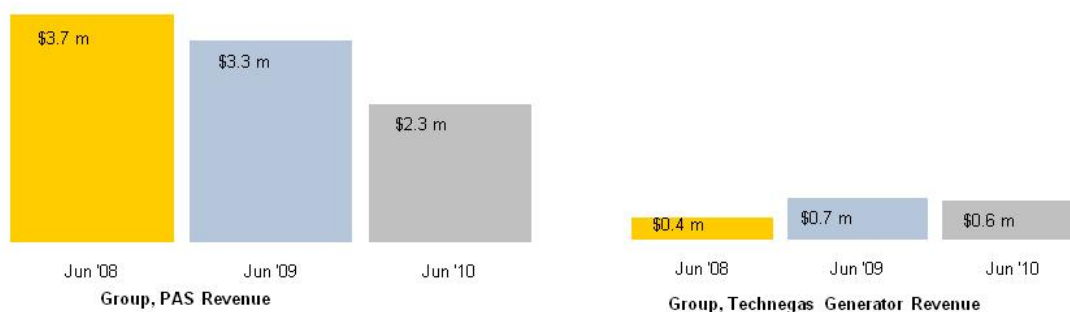
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Managing Directors Review

Continued

Technegas Markets / Revenue Composition



During the period, 37% of Cyclopharm's revenues were recorded in Europe once again demonstrating the region's importance. Sales revenue decreased 13% on the same time last year due to the timing of PAS sales. Traditionally, the bulk of sales in Europe are incurred in the second half. We expect this trend to continue.

North America

We recorded 12% growth in PAS sales - this is the eighth year of consecutive PAS sales growth. 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, despite strong competition from Computed Tomography Pulmonary Angiography ("CTPA") we recorded 7 new generator sales (2009: 4) and 269 PAS box sales (2009: 286 PAS boxes). Sales revenues in Australia were 9% higher than the prior comparative period. In Asia, we recorded revenues of \$0.05 m slightly lower than the same time last year (2009: \$0.07m).

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Managing Directors Review

Continued

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James McBrayer
Managing Director

Melbourne, 30 August 2010

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 2010.

DIRECTORS

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

| | |
|-----------------|------------------------|
| Mr V R Gould | Non-Executive Chairman |
| Mr D J Heaney | Non-Executive Director |
| Mr J S McBrayer | Managing Director |
| Mr J S Sharman | Non-Executive Director |

In accordance with the Constitution all directors with the exception of Mr James McBrayer stood for election by its members at Annual General Meeting and rotate in accordance with the Company's Constitution.

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Operating Results for the Half Year

For the reporting period the economic entity recorded a consolidated loss after tax attributable to members of \$769,203 (2009: \$142,334).

SHARES ISSUED DURING THE HALF YEAR

No shares were issued during the half year.

DIVIDENDS

No dividends were declared or paid during the half year ended 30 June 2010.



Directors' Report

Continued

ON MARKET BUY-BACK

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the period there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements. During the period in review, property, plant and equipment increased to \$9,829,557 (31 December 2009: \$5,052,951) due primarily to the development of our cyclotron facility at MUH. Interest bearing loans and borrowings increased to \$4,743,250 from \$2,733,250 at 31 December 2009 to fund the investment in the cyclotron facility at MUH.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The Company made an investment of \$400,000 for a 20% interest in Macquarie Medical Imaging Pty Ltd, an imaging joint venture at Macquarie University Hospital prior to 30 June 2010. The share of the associate's loss for the period was \$67,297. Commercial operations commenced in July 2010.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Long Term Incentive Plan

At the Annual General Meeting held on 20 May 2010, Shareholders by way of a special resolution approved the issue of 700,000 new Long Term Incentive Plan (LTIP) shares to Mr James McBrayer and 2,050,000 new LTIP Plan shares to other employees. These shares will be issued after the date of this report and the term of loans are for two years.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

James McBrayer
Managing Director & CEO

Melbourne, 30 August 2010.



Russell Bedford

New South Wales

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Australia

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W: www.russellbedford.com

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

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

TO THE DIRECTORS OF CYCLOPHARM LIMITED

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2010 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, 30 August 2010





Statement of Comprehensive Income

for the half year ended 30 June 2010

| | Notes | Consolidated | |
|---|-------|--------------------|--------------------|
| | | 30 June 2010 | 30 June 2009 |
| | | \$ | \$ |
| CONTINUING OPERATIONS | | | |
| Sales revenue | | 3,272,041 | 4,321,023 |
| Finance revenue | | 45,544 | 53,646 |
| Other revenue | | - | 373,795 |
| Total Revenue | | 3,317,585 | 4,748,464 |
| Cost of materials and manufacturing | | (827,798) | (1,087,650) |
| Employee benefits expense | | (1,447,040) | (1,542,795) |
| Advertising and promotion expense | | (115,434) | (110,064) |
| Depreciation and amortisation expense | | (184,727) | (226,936) |
| Freight and duty expense | | (164,945) | (166,447) |
| Research and development expense | | (8,423) | (17,238) |
| Administration expense | | (919,642) | (1,506,229) |
| Other expenses | | (109,595) | (70,645) |
| Share of loss of an associate | | (67,297) | - |
| (Loss) / Profit before tax and finance costs | | (527,316) | 20,460 |
| Finance costs | | (82,270) | (69,092) |
| Loss before income tax | | (609,586) | (48,632) |
| Income tax expense | | (159,617) | (93,702) |
| Net loss for the period | | (769,203) | (142,334) |
| Other comprehensive expense after income tax | | | |
| Exchange differences on translating foreign controlled entities | | (296,406) | (880,557) |
| Total comprehensive expense for the year | | (1,065,609) | (1,022,891) |
| Earnings per share (cents per share) | 4 | cents | cents |
| -basic earnings per share for continuing operations | | (0.45) | (0.08) |
| -basic earnings per share | | (0.45) | (0.08) |
| -diluted earnings per share | | (0.45) | (0.08) |

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



Consolidated Statement of Financial Position

as at 30 June 2010

| | Notes | Consolidated | |
|---------------------------------------|-------|-------------------|-------------------|
| | | 30 June 2010 | 31 December 2009 |
| | | \$ | \$ |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 2,876,683 | 4,612,205 |
| Trade and other receivables | | 1,995,783 | 4,281,369 |
| Inventories | | 3,704,071 | 3,242,992 |
| Other assets - prepayments | | 80,432 | 33,227 |
| Total Current Assets | | 8,656,969 | 12,169,793 |
| Non-current Assets | | | |
| Property, plant and equipment | | 9,829,557 | 5,052,951 |
| Investments in associates | 5 | 332,706 | - |
| Intangible assets | | 2,456,311 | 2,421,667 |
| Total Non-current Assets | | 12,618,574 | 7,474,618 |
| Total Assets | | 21,275,543 | 19,644,411 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | | 2,316,793 | 1,900,153 |
| Interest bearing loans and borrowings | 6 | 4,428,750 | 1,757,350 |
| Provisions | | 588,219 | 498,283 |
| Tax liabilities | | 152,356 | 174,039 |
| Total Current Liabilities | | 7,486,118 | 4,329,825 |
| Non-current Liabilities | | | |
| Interest bearing loans and borrowings | 6 | 314,500 | 975,900 |
| Provisions | | 32,038 | 42,741 |
| Deferred tax liabilities | | 531,766 | 367,304 |
| Total Non-current Liabilities | | 878,304 | 1,385,945 |
| Total Liabilities | | 8,364,422 | 5,715,770 |
| Net Assets | | 12,911,121 | 13,928,641 |
| Equity | | | |
| Contributed equity | | 11,088,908 | 11,088,908 |
| Employee equity benefits reserve | | 266,061 | 217,972 |
| Foreign currency translation reserve | | (1,130,860) | (834,454) |
| Retained Profits | | 2,687,012 | 3,456,215 |
| Total Equity | | 12,911,121 | 13,928,641 |

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



Consolidated Statement of Cash Flows

for the half year ended 30 June 2010

| | Consolidated | |
|---|--------------------|--------------------|
| | 30 June 2010 | 30 June 2009 |
| | \$ | \$ |
| Operating activities | | |
| Receipts from customers | 5,510,422 | 6,541,228 |
| Payments to suppliers and employees | (3,526,833) | (4,971,878) |
| Interest received | 45,544 | 53,646 |
| Borrowing costs paid | (82,270) | (69,092) |
| Net cash flows from operating activities | 1,946,863 | 1,553,904 |
| Investing activities | | |
| Investment in associates | (400,000) | - |
| Purchase of property, plant and equipment | (4,937,950) | (990,630) |
| Payments for deferred expenditure | (58,030) | (187,298) |
| Net cash flows used in investing activities | (5,395,980) | (1,177,928) |
| Financing activities | | |
| Proceeds from draw down of borrowings | 2,010,000 | - |
| Net cash flows from financing activities | 2,010,000 | - |
| Net (decrease) / increase in cash and cash equivalents | (1,439,117) | 375,976 |
| Cash and cash equivalents | | |
| at beginning of the period | 4,612,205 | 4,206,271 |
| net foreign exchange differences from translation | (296,405) | (880,556) |
| at end of the period | 2,876,683 | 3,701,691 |

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

Consolidated Statement of Changes in Equity

for the half year ended 30 June 2010



| | Share capital | Other Contributed Equity | Total Contributed Equity | Accumulated Profits | Foreign Currency Translation Reserve | Employee Equity Benefits Reserve | Total |
|--|-------------------|--------------------------|--------------------------|---------------------|--------------------------------------|----------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Consolidated | | | | | | | |
| Balance at 1 January 2009 | 16,422,065 | (5,295,657) | 11,126,408 | 1,411,724 | 528,980 | 143,689 | 13,210,801 |
| Cost of share based payments | - | - | - | - | - | 37,142 | 37,142 |
| Currency translation difference | - | - | - | - | (880,557) | - | (880,557) |
| Total income (expense) for the half year recognised directly in equity | - | - | - | - | (880,557) | 37,142 | (843,415) |
| Loss for the half year | - | - | - | (142,334) | - | - | (142,334) |
| Total (expense) / income for the half year | - | - | - | (142,334) | (880,557) | 37,142 | (985,749) |
| Other | - | (37,496) | (37,496) | - | - | - | (37,496) |
| Balance at 30 June 2009 | 16,422,065 | (5,333,153) | 11,088,912 | 1,269,390 | (351,577) | 180,831 | 12,187,556 |
| Balance at 1 January 2010 | 16,422,066 | (5,333,158) | 11,088,908 | 3,456,215 | (834,454) | 217,972 | 13,928,641 |
| Cost of share based payments | - | - | - | - | - | 48,089 | 48,089 |
| Currency translation difference | - | - | - | - | (296,406) | - | (296,406) |
| Total income (expense) for the half year recognised directly in equity | - | - | - | - | (296,406) | 48,089 | (248,317) |
| Loss for the half year | - | - | - | (769,203) | - | - | (769,203) |
| Total income for the half year | - | - | - | (769,203) | (296,406) | 48,089 | (1,017,520) |
| Balance at 30 June 2010 | 16,422,066 | (5,333,158) | 11,088,908 | 2,687,012 | (1,130,860) | 266,061 | 12,911,121 |

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 2010

1. CORPORATE INFORMATION

The Half Year financial report of Cyclopharm Limited for the half year ended 30 June 2010 was authorised for issue with a resolution of the directors on the same date.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

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

It is recommended that the Half Year financial report be read in conjunction with the annual report for the year ended 31 December 2009 and considered together with any public announcements made by Cyclopharm Limited during the half year ended 30 June 2010 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars.

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

Investment in Associates

Associate companies are companies in which the Company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate company. In addition the Company's share of the profit or loss of the associate company is included in the Company's profit or loss.

Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the relation to the Company's investment in the associate.

Notes

Continued

3. SEGMENT REPORTING

| For the period ended | Consolidated | | |
|--|------------------|-------------------|------------------|
| | Technegas | Molecular Imaging | Total |
| 30 June 2010 | \$ | \$ | \$ |
| Revenue | | | |
| Sales to external customers | 3,271,171 | 870 | 3,272,041 |
| Finance revenue | 40,923 | 4,621 | 45,544 |
| Total segment revenue | 3,312,094 | 5,491 | 3,317,585 |
| Result | | | |
| Loss before tax and finance costs | (330,370) | (196,946) | (527,316) |
| Finance costs | (81,760) | (510) | (82,270) |
| Loss before income tax | (412,130) | (197,456) | (609,586) |
| Income tax expense | (159,617) | - | (159,617) |
| Net loss for the period | (571,747) | (197,456) | (769,203) |
| Assets and liabilities | | | |
| Segment assets | 10,866,666 | 10,408,877 | 21,275,543 |
| Segment liabilities | 3,426,014 | 4,938,408 | 8,364,422 |
| Other segment information | | | |
| Impairment write downs | - | - | - |
| Depreciation and amortisation | (184,727) | - | (184,727) |

3. SEGMENT REPORTING

| For the period ended | Consolidated | | |
|---|------------------|-------------------|------------------|
| | Technegas | Molecular Imaging | Total |
| 30 June 2009 | \$ | \$ | \$ |
| Revenue | | | |
| Sales to external customers | 4,321,023 | - | 4,321,023 |
| Finance revenue | - | - | 53,646 |
| Other revenue | 373,795 | - | 373,795 |
| Total segment revenue | 4,694,818 | - | 4,748,464 |
| Result | | | |
| Profit / (Loss) before tax and finance costs | 125,721 | (105,261) | 20,460 |
| Finance costs | (68,822) | (270) | (69,092) |
| Profit / (Loss) before income tax | 56,899 | (105,531) | (48,632) |
| Income tax expense | (93,702) | - | (93,702) |
| Net Profit / (Loss) for the period | (36,803) | (105,531) | (142,334) |
| Assets and liabilities | | | |
| Segment assets | 16,422,804 | 3,221,607 | 19,644,411 |
| Segment liabilities | 4,307,197 | 1,408,573 | 5,715,770 |
| Other segment information | | | |
| Impairment write downs | - | - | - |
| Depreciation and amortisation | (226,936) | - | (226,936) |

Notes

Continued

4. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

| | Consolidated | |
|---|--------------|------------------|
| | 30 June 2010 | 31 December 2009 |
| | \$ | \$ |
| Net assets per share | 0.08 | 0.08 |
| Net tangible assets per share | 0.06 | 0.07 |
| | Number | Number |
| Weighted average number of ordinary shares for net assets per share | 171,012,616 | 171,012,616 |
| | 30 June 2010 | 31 December 2009 |
| | \$ | \$ |
| Net assets | 12,911,121 | 13,928,641 |
| Net tangible assets | 10,454,810 | 11,506,974 |

Earnings per share

| | Consolidated | |
|---|--------------|--------------|
| | 30 June 2010 | 30 June 2009 |
| | \$ | \$ |
| Net profit / (loss) attributable to equity holders of the parent | (769,203) | (142,334) |
| | Number | Number |
| Weighted average number of ordinary shares for basic earnings per share | 171,012,616 | 171,012,616 |
| | cents | cents |
| - basic earnings per share for continuing operations | (0.45) | (0.08) |
| - basic earnings per share for discontinued operations | - | - |
| - basic earnings per share | (0.45) | (0.08) |
| - diluted earnings per share | (0.45) | (0.08) |
| Weighted average number of ordinary shares for basic earnings per share | 171,012,616 | 171,012,616 |



Notes

Continued

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | Consolidated | |
|----------------------|--------------|------------------|
| | 30 June 2010 | 31 December 2009 |
| | \$ | \$ |
| Associated companies | 332,706 | - |

Interest is held in the following associated company:

| Name | Principal Activities | Country of Incorporation | Shares | Ownership interest | |
|-----------------------------------|----------------------|--------------------------|------------|--------------------|--------------|
| | | | | 30 June 2010 | 30 June 2009 |
| Macquarie Medical Imaging Pty Ltd | Imaging centre | Australia | Preference | 20% | 0% |

The Company made an investment of \$400,000 for a 20% interest in Macquarie Medical Imaging Pty Ltd, an imaging joint venture at Macquarie University Hospital prior to 30 June 2010. The share of the associate's loss for the period was \$67,297. Commercial operations commenced in July 2010.

6. FINANCIAL LIABILITIES

| | Consolidated | |
|---|------------------|------------------|
| | 30 June 2010 | 31 December 2009 |
| | \$ | \$ |
| Current | | |
| Bank loan - secured | 4,428,750 | 1,757,350 |
| Interest bearing loans and liabilities (current) | 4,428,750 | 1,757,350 |
| Non-current | | |
| Bank loan - secured | 314,500 | 975,900 |
| Interest bearing loans and liabilities (non-current) | 314,500 | 975,900 |
| Total financial liabilities | 4,743,250 | 2,733,250 |
| Total facilities | 6,450,000 | 6,450,000 |
| Facilities used at reporting date | 4,743,250 | 2,733,250 |
| Facilities unused at reporting date | 1,706,750 | 3,716,750 |

6. FINANCIAL LIABILITIES (continued)

- (i) Cyclopharm has a 15 month multi-option facility (MOF) provided by the National Australia Bank for \$5.1 million which was renewed in February 2010. At balance date \$3.39 million had been drawn down against this facility.
- (ii) Cyclopharm has an amortising bank bill facility provided by the National Australia Bank of \$1.35 million. At balance date \$1.35 million had been drawn down against this facility. Repayments under the amortising facility commenced in July 2010 and the entirety of the facility must be repaid by 31 July 2011. Of this facility \$374,100 is due for repayment in 2010.

7. COMMITMENTS AND CONTINGENCIES

Commitments

| | Consolidated | |
|--|--------------|------------------|
| | 30 June 2010 | 31 December 2009 |
| | \$ | \$ |
| The company has the following capital expenditure commitments contracted for property, plant and equipment: | | |
| Due later than 1 year & not later than 5 years | - | 4,352,503 |
| Total | - | 4,352,503 |

Cyclopet Pty Ltd ("Cyclopet"), a wholly owned subsidiary of Cyclopharm Limited made its final payment of \$0.94m in August 2010 in relation to a contract with GE Healthcare for the cyclotron and associated production tools. The total cost of the cyclotron and associated production tools was \$4.47m.

8. EVENTS AFTER THE BALANCE SHEET DATE

The Company made an investment of \$400,000 for a 20% interest in Macquarie Medical Imaging Pty Ltd, an imaging joint venture at Macquarie University Hospital prior to 30 June 2010. The share of the associate's loss for the period was \$67,297. Commercial operations commenced in July 2010.

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 2010 and of their performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard *AASB 134 Interim Financial Reporting*, Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



James McBrayer
Managing Director & CEO

Melbourne, 30 August 2010.

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 statement of financial position as at 30 June 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, and 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 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 control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2010 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 2010 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, 30 August 2010



General Information

Directors

Vanda Gould

Non-Executive Chairman

James McBrayer

Managing Director & CEO

John Sharman

Non-Executive Director

David Heaney

Non-Executive Director

Company Secretary

William Richardson

Registered Office

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Cyclomedica Australia

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F: 02 9543 0960

Cyclopet

Building 75
Business & Technology Park
New Illawarra Road
Lucas Heights NSW 2234
T: 02 9541 0411
F: 02 9543 0960

Cyclomedica Canada

Suite 454-2025 Guelph Line
Burlington ON L7P 4X4
Canada

Cyclomedica Germany

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D-38226 Salzgitter
Germany

Cyclomedica Europe

Ulysses House
Foley Street
Dublin 1 Ireland

Cyclomedica Ireland

Ulysses House
Foley Street
Dublin 1 Ireland

Auditors

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

Bankers

National Australia Bank
151 Rathdowne Street
Carlton VIC 3053

Stock Exchange Listing

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

Share Registry

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Level 42
259 George Street
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T: 02 9032 3000
F: 02 9032 3088

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