Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2018

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	No of Pages	46 incl. cover
Date	23 August 2018		
From	James McBrayer		
Subject	**Appendix 4D**		

Please see attached 30 June 2018 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
Appendix 4D - Half Year Report
For the half year ended 30 June 2018

1. Company details

Name of entity

CYCLOPHARM LIMITED

ABN or equivalent company reference	Half year ended ('current reporting period')	Half year ended ('previous corresponding period')
74 116 931 250	30 June 2018	30 June 2017

The information contained in this report is to be read in conjunction with Cyclopharm Limited's 2017 Annual Report and any announcements to the market by Cyclopharm Limited during the half year ended 30 June 2018 and up until the date of this Appendix 4D.

2. Results for announcement to the market

2.1 Revenues from ordinary activities	Up 5%	to	6,341,766
2.2 Loss from ordinary activities after tax attributable to members	Down 52% (smaller loss)	to	(684,689)
2.3 Loss for the period attributable to members	Down 52% (smaller loss)	to	(684,689)

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 cents per share

2.5 Record date for determining entitlements for the final dividend	10 September 2018

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.

Key highlights of Cyclopharm's financial results for the half year ending 30 June 2018 included:

- Group revenue of $6,341,766 (1H2017: $6,056,944),
- Net loss after tax of $684,689 (1H2017: NLAT $1,427,118),
- Technegas Division Underlying EBITDA[1] of $0.459 million (1H2017: $0.860 million), and
- Net cash balance of $7.611 million.

The following table outlines Cyclopharm's sales, gross margin and reconciles Technegas' underlying EBITDA performance[1] on a comparative half year basis:

HALF-YEAR ENDED 30 JUNE (AMOUNTS IN $000'S)	2018	2017
CONSOLIDATED SALES	**6,342**	**6,057**
GROSS MARGIN	5,002	4,996
GROSS MARGIN % SALES	*78.9%*	*82.5%*
CONSOLIDATED EBITDA	**(1,115)**	**(1,016)**
ADD BACK:		
CPET DIVISION EBITDA	179	241
OTHER NON-OPERATING EXPENSES*	(96)	52
FDA EXPENSES	1,456	1,583
EXPENSES NET OF WRITEBACKS FOR ALMEDIS ALTMANN GMBH	35	-
TECHNEGAS UNDERLYING EBITDA	**459**	**860**

** Realised and unrealised foreign exchange gains and losses and finance revenue*

Technegas delivered a 5% increase in first half revenues to $6.34 million compared to $6.06 million in the prior corresponding period (pcp). This improved revenue performance was driven by:

- Increased sales of Technegas generators to higher margin markets delivering a $130,000 increase in revenues to $990,000, despite sales volume declining 7%;
- an increase of $140,000 in Technegas service revenues; and
- stable revenues from sales of Individual Patient Administration Set (PAS) of $4.90 million.

Gross margins in the first half declined from 82.5% to 78.9% reflecting a higher proportion of PAS sales to lower margin markets. During the first half of 2018, eight PAS sets were sold into Germany, down from 349 in the pcp. The lower revenue is a direct result of the issues previously announced between the company and Almedis Altmann GmbH. Excluding sales to Germany, PAS sales volume were 12% higher than the prior corresponding period.

During the period, the company signed an extension to the Technegas distribution agreement with Curium in France to 2020. France remains the largest European country market for Technegas with higher volumes expected in 2018 than in past few years.

Cyclopharm's new patented Ultralute™ technology recorded its first commercial sales during the period. Cyclopharm is currently seeking to register Ultralute™ as a medical device in Europe in order to maximise its long term commercial benefits.

Cyclopharm's net cash at the end of the period of $7.61 million.

[1] Underlying EBITDA represent results from the Technegas Division excluding realised and unrealised foreign exchange gains and losses, finance revenue, expenses net of writebacks for Almedis Altmann GMBH and FDA Expenses

OUTLOOK

Given the strong clinical support for Technegas as the functional ventilation imaging agent of choice in determining PE[2], we believe demand for Technegas will grow in our existing markets. Additionally, we will continue to educate referring physicians on the clinical and safety superiority of our diagnostic capabilities compared with competing technologies such as CTPA[3].

Revenue in 2018 is expected to benefit from higher volumes in France, following the signing of the new distribution agreement in that market, a resumption in sales to China, and the resolution of the company's litigation in the German market.

The Directors are resolute in their view that USFDA approval to market Technegas into the US market provides Cyclopharm with a major opportunity to significantly expand Cyclopharm's sales and profitability.

We look forward to introducing Technegas to the United States market following the completion of our Phase 3 clinical trial program in first half 2019 and subsequent anticipated approval by the USFDA. Cyclopharm's Type C meeting with the USFDA, in October this year, will provide an opportunity to consider options to refine and accelerate the trial. We also continue to pursue regulatory approvals to commence sales in other promising new markets such as Russia.

Developing additional Technegas indications, particularly for COPD, remains a key priority. If successful, there is significant potential to expand Technegas' revenue and profitability over the medium to longer term.

Cyclopharm is progressing commercial production of the exciting Ultralute™ technology, including its registration as a medical device in Europe, while simultaneously entering into discussions with potential commercial partners. Global industry interest in Ultralute™ is positive and growing. We look forward to making further announcements later this year regarding Ultralute's™ progress and remain excited about the potential for it to be a complementary driver in the next stage of Cyclopharm's growth.

We expect the Molecular Imaging division, which houses the Cyclotron, to record a small operating loss in the second half of 2018. Operating costs of approximately $25,000 per month will be incurred while the future of the facility is being determined. Cyclopharm intends to use the Cyclotron facility at MUH to progress research and development activities until a longer-term use for the facility is determined.

As a result of simplifying the Group's 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 underlying operating results. We are now in a significantly stronger position to realise the potential of the highly profitable and cash-generating Technegas business in local and international markets and to continue the development and marketing of Ultralute™.

As a team, we are continually reviewing our organisation's capabilities to ensure that we have the managerial and governance expertise to deliver on our strategic objectives. More recently this process saw new clinical expertise brought into the Group to assist in the delivery of our growth objectives.

In summary, I expect Cyclopharm to achieve modest underlying sales and earnings growth in 2018 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.

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[2] 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

[3] 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

3. Net tangible assets

	30 June 2018	30 June 2017
Net Tangible Assets per security	$0.17	$0.22

4. Entities over which control has been gained or lost during the period

Control over entities

Name of entity (or group of entities)	On 1 May 2018, 100% of the ordinary shares of Medicall Analys AB ("MA"), a company incorporated in Sweden, was acquired via a Share Sale Agreement. MA and its subsidiaries specialise in the sales and marketing support of medical supplies in Sweden including the distribution of nuclear medicine imaging products.

Loss of control over entities

Name of entity (or group of entities)	Not applicable

5. Dividends

An unfranked dividend of 0.5 cents per share was paid to shareholders on 16 April 2018 for the year ended 31 December 2017. The Directors have declared an unfranked interim dividend of 0.5 cents per share to be paid on 17 September 2018.

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 2018	30 June 2017
Macquarie Medical Imaging Pty Ltd	20%	20%

The share of the associate's loss for the period was $nil (2017: $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 2018

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

cyclopharm

Contents

Highlights

Cyclopharm is a globally recognised market leader in lung health and nuclear medicine technology.

In the half year to 30 June 2018, Cyclopharm continued to successfully execute its growth strategy of leveraging its significant intellectual property, technology and technical expertise to expand sales in to new countries, expanding applications and complementary businesses.

During the period, Cyclopharm generated revenues of $6.34 million and a net loss after tax of $0.68 million, which includes $1.46 million of pre-tax expenses associated with the Group's US Food and Drug Administration (USFDA) trial of Technegas. Cyclopharm's core Technegas Division generated underlying EBITDA[1] of approximately $459,000 compared to $860,000 in the prior corresponding period.

The anticipated approval by the USFDA to market Technegas in the USA is a major business opportunity for Cyclopharm.

USFDA approval will allow Cyclopharm to sell Technegas in the USA, which accounts for around half of the total addressable global market. The existing market for nuclear medicine ventilation imaging in the USA is estimated to be approximately US$90 million annually, representing approximately 600,000 individual procedures. Based on the Group's Canadian experience, Cyclopharm believes that Technegas can achieve a 50% share of the USA market over 2 to 3 years, post market entry, with an 80% share representing around 480,000 procedures per annum achievable over a 5 to 7 year period.

The USFDA clinical trial process is expected to be completed in first half 2019, subject to sufficient trial enrolments, with USFDA approval targeted for late 2019.

The 5% increase in half year revenues was achieved by sales of Technegas generators to higher margined markets and a $140,000 increase in service revenue. Individual Patient Administration Set (PAS) revenue was consistent at $4.90 million.

Despite the increase in consolidated revenue in 1H 2018, PAS revenue in Germany was $0.54 million lower compared to 1H 2017 due to the previously announced issues between the Company and Almedis Altmann GmbH.

During the period, the company signed an extension to the Technegas distribution agreement with Curium in France to 2020. France remains the largest European country market for Technegas with higher volumes expected in 2018 than in past few years.

On 1 May 2018, Cyclopharm acquired via a Share Sale Agreement 100% of the ordinary shares of Medicall Analys AB ("MA"), a Swedish private company. MA and its subsidiaries specialise in the sales and marketing support of medical supplies in Sweden including the distribution of nuclear medicine imaging products. MA is the distributor for Technegas products in the Sweden, Norway and Finland markets and its purchase is expected to provide supply chain synergies to the Group.

During the period, Cyclopharm continued to pursue initiatives to expand the use of Technegas beyond its traditional application for use in the Chronic Obstructive Pulmonary Disease ("COPD") and Asthma markets. These markets represent a significant expansion of Technegas' addressable market to include a more than 500 million patients globally per annum.

[1] Technegas Underlying Earnings after Tax excludes FDA expenses and realised and unrealised foreign exchange gains and losses expenses for Almedis Altmann GmbH

First half highlights continued

In pursuit of this objective, during the half year Cyclopharm announced it was funding $387,000, three-year, 100-patient study by the Woolcock Institute for Medical Research in collaboration with The University of Sydney and the Northern Sydney Local Health District, which seeks to develop better tools to diagnose and manage patients suffering from Asthma and COPD. The Sydney based trial is expected to commence during Q4 2018.

In addition to the Sydney based trial, progress was made with the clinical trial announced in 2017 using Technegas in the evaluation and management of severe asthma, in partnership with the University of Newcastle and the Hunter Medical Research Institute. As at 13 August 2018, 53 patients had been recruited into the 100-patient study.

Professor Vanessa McDonald from the Hunter Medical Research Institute in commenting on the progress to date stated “In light of the favourable results of the initial Technegas scans, we have now priroritised recruitment for the severe asthma before-after study. We are evaluating this technique as an important test to objectively assess severe asthma”.

Over the full year, Cyclopharm expects ongoing growth in its core business in 2018 as well as further progress in the development of the company’s key growth opportunities.

As previously announced, Cyclopharm recorded its first commercial sales of Ultralute™ in the first half of 2018. Ultralute™ is a proprietary technology that extends the useful life of Molybdenum-99 (Mo-99) generators by up to 50%. Cyclopharm is currently seeking to register Ultralute™, in Europe, as a medical device in order to maximise its long term commercial benefits. Such classification will eliminate the need for onsite evaluation and better acceptance of this new first in class technology. In this regard, the Company does not expect UltraluteTM will make a material contribution to revenues in the current year.

Having regard to the ongoing solid underlying financial results and the company’s strong balance sheet position, for the half year period, the Directors have declared an unfranked interim dividend of 0.5 cents per share which will be paid on 17 September 2018 to shareholders on the register on 10 September 2018.

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

During the half year, Cyclopharm continued to implement its strategic priorities, which are to:

1. Grow the core business, based on expanding Technegas sales in existing markets;
2. Accelerate the path to regulatory approval to sell Technegas into the world’s largest and new highly prospective United States healthcare market;
3. Pursue sales of Technegas in new applications such as Chronic Obstructive Pulmonary Disease (“COPD”) and Asthma which are significantly larger markets than the Pulmonary Embolism market where Cyclopharm traditionally operates; and
4. Expand our direct market access through the acquisition of our Scandinavian distributor.

First half highlights continued

Half Year ended 30 June		2018	2017	Inc	% Change
Sales Revenue	$	6,341,766	6,056,944	284,822	5%
Loss before tax and finance costs	$	(1,319,906)	(1,157,940)	(161,966)	14%
Net Loss after tax	$	(684,689)	(1,427,118)	742,429	(52%)
Loss Per Share	cents	(1.01)	(2.47)	1.46	(59%)
Technegas Division Net Profit Before Tax excluding FDA and PCT expenses and realised and unrealised forex	$	344,269	717,278	(373,009)	(52%)

Technegas

The Technegas business delivered consistent underlying revenue growth during the half year. Sales of Technegas generators were up $0.13 million and service revenue increased by $0.14 million. Individual Patient Administration Set (PAS) revenue was consistent at $4.90 million. Loss before tax and finance costs was $1.320 million for the half year. The loss was primarily attributable to the USFDA trial expenses.

Funded three-year, 100-patient study by the Woolcock Institute for Medical Research in collaboration with The University of Sydney and the Northern Sydney Local Health District, to develop better tools to diagnose and manage patients suffering from Asthma and COPD using Technegas.

Continue to advance the process for United States Food and Drug Administration approval of Technegas in the United States market, with USFDA approval targeted for 2019.

Continue to strengthen our European distribution, extending to 2020 the distribution agreement with Curium in France, the largest European country market for Technegas.

4,000,000th Technegas patient consumable produced since the product's launch in 1986.

Acquisition of the Scandinavian Technegas distributor Medicall Analys AB for a consideration of SEK8.846 million paid over 3 years.

Ultralute™

Cyclopharm's new patented Ultralute™ technology is being validated, in Europe, within the medical device category following initial commercial sales to Canada. Registration as a medical device technology is expected to drive meaningful sales in the first half of 2019.

Managing Director's Review

FEATURES - A consistent underlying 2018 first half

The group recorded sales revenue of $6,341,766 (1H2017: $6,056,944) and a net loss after tax of $684,689 (1H2017: NLAT $1,427,118) for the half year ending 30 June 2018. Technegas revenue was 5% higher than the prior corresponding period. The increase in half year revenues was achieved by sales of Technegas generators to higher margined markets (up $0.13 million) and service revenue increased by $0.14 million. Individual Patient Administration Set (PAS) revenue was consistent at $4.90 million.

Despite the increased revenue in 1H 2018, PAS revenue in Germany was $0.54 million lower than in 1H 2017 due to the previously announced issues with the company's distributor in that market. The directors are confident this matter will be resolved in the second half of 2018. Excluding the German markets, 1H2018 PAS sales volume increased 12% over the prior corresponding period.

Our core Technegas Division incurred a loss before tax of $1.15 million in the First Half (1H2017: loss before tax $0.92 million). On an underlying basis, adjusting for FDA expenses and foreign exchange gains and losses, the Technegas division's EBITDA for the half year was $0.46 million.

Cyclopharm's Underlying Results[2]:

The following table outlines Cyclopharm's sales, gross margin and reconciles Technegas' underlying EBITDA performance on a comparative half year basis:

HALF-YEAR ENDED 30 JUNE (amounts in $000's)	**2018**	**2017**
Consolidated Sales	**6,342**	**6,057**
Gross margin	5,002	4,996
Gross margin % sales	*78.9%*	*82.5%*
Consolidated EBITDA	**(1,115)**	**(1,016)**
Add back:		
CPET division EBITDA	179	241
Other non-operating expenses*	(96)	52
FDA expenses	1,456	1,583
Expenses net of writebacks for Almedis Altmann GMBH	35	-
Technegas Underlying EBITDA	**459**	**860**

* *Realised and unrealised foreign exchange gains and losses and finance revenue*

Our strategy to expand the use of Technegas took two significant steps forward during the half year to 30 June 2018. The first of which was the finalization of the collaboration agreement with the Hunter Medical Research Institute and the University of Newcastle to initiate a clinical trial using Technegas in small airways disease. The study is designed to evaluate the use of Technegas in identifying ventilation traits in patients with severe asthma as an indicator to therapeutic selection. A secondary endpoint in the Newcastle study will be to evaluate how well patients respond to therapy. Patient enrollment commenced August 2017. As at 13 August 2018, 53 patients of the 100 patient study have been enrolled. More information on this trial is available on the Hunter Medical Research Institute's website at: https://hmri.org.au/news-article/nuclear-imaging-clear-airway-diagnosis.

[2] Underlying Results represent results from the Technegas Division excluding realised and unrealised foreign exchange gains and losses and FDA Expenses

Managing Director's Review
Continued

On 1 May 2018, Cyclopharm completed the acquisition of 100% of the ordinary shares of Medicall Analys AB ("MA"), a Swedish private company. MA and its subsidiaries specialise in the sales and marketing support of medical supplies in Sweden including the distribution of nuclear medicine imaging products. MA is the distributor for Technegas products in the Sweden, Norway and Finland markets and its purchase is expected to provide supply chain synergies to the Group.

Cyclopharm has made its first commercial sales of Ultralute™. Ultralute™ is a first in class proprietary technology developed to extend the useful life of Molybdenum-99 generators by up to 50%. Molybdenum-99 generators produce the isotope Technetium 99m, the isotope used in 85% of all nuclear medicine procedures.

Since its initial introduction to the market, Ultralute™ has been marketed as laboratory equipment. Based on market feedback, the Company believes that gaining approval to market Ultralute™ as a medical device technology, will materially enhance its sales and therefore long term commercial benefits to the Company. In this respect, Cyclopharm is pursuing regulatory approval for market Ultralute™ as a medical device in Europe, following which it expects to deliver material sales in that market from the first half of 2019.

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 the future of Ultralute™, which forms part of the platform for Cyclopharm's next stage of growth.

The Group continues to simplify its business to focus on the core and large transformational revenue opportunities. In this regard, the Group suspended commercial operations of its Molecular Imaging facility, located at Macquarie University Hospital, in 2014. However, the Company continues to utilise the facility to progress research and development activities while a strategic review of the facility is completed, which may include its sale. Reflecting this status and the facility's ongoing rental expense, the Molecular Imaging operation recorded a loss before tax of $180,470 (1H 2017 loss: $242,145).

The Group's net cash at the end of the period was $7.611 million.

Expectations for the second half of the financial year 2018, include:

1. Continuing to advance the process for FDA approval of Technegas in the US market
2. Supporting clinical trial programs targeting applications for Technegas in both the diagnosis and management of specific chronic respiratory disease states;
3. Ongoing positive cash flow generation to support investment in growth opportunities and the capacity to pay dividends to shareholders.

Managing Director's Review
Continued

OPERATING REVIEW

Technegas

Technegas continued to grow its leading position in the markets in which it is sold. During the half year, Cyclopharm manufactured and distributed its four millionth Technegas consumable since the products launch in 1986.

Technegas delivered a 5% increase in first half revenues to $6.34 million compared to $6.06 million in the prior corresponding period (pcp). This improved revenue performance was driven by:

- Increased sales of Technegas generators to higher margin markets delivering a $130,000 increase in revenues to $990,000, despite sales volume declining 7%;
- an increase of $140,000 in Technegas service revenues; and
- stable revenues from sales of Individual Patient Administration Set (PAS) of $4.90 million.

Gross margins in the first half declined from 82.5% to 78.9% reflecting a higher proportion of PAS sales to lower margin markets. During the first half of 2018, eight PAS sets were sold into Germany, down from 349 in the pcp. Excluding sales to Germany, PAS sales volume were 12% higher than the prior corresponding period.

Technegas Market Review

Europe

During the first half of 2018, Europe accounted for 58% of Technegas revenues compared to 61% in the pcp, underscoring the region's importance. European sales revenue of $3.70 million was consistent with the pcp despite lower sales to Germany, with Generator and PAS sales to France contributing $1.66 million of revenues compared to $910,000 in the first half of 2017.

Historically, the majority of sales in Europe have occurred in the second half of the financial year. We expect this trend to continue supported by the renewal of the distribution agreement in France.

North America

Sales revenue in Canada was 8% higher than in the same period last year at $1.10 million up from $1.02 million. On an annual basis, Canada has been the largest Technegas country market in the past few years. With the renewal of the distribution agreement with France, it is expected that Canada will be overtaken by France as the largest single country market for Technegas for financial year 2018. The Group views its success in Canada as a strong indicator of prospects for Technegas in the US if, as anticipated, FDA approval for US sales is obtained in 2019.

Asia Pacific

Gaining USFDA approval to sell Technegas in the United States is a priority for the Cyclopharm. The US market has the potential to be the largest market for Technegas globally, delivering a substantial increase in value for Cyclopharm's shareholders.

Full year 2018 sales in Asia Pacific are expected to be higher than in 2017, driven by continued growth in sales in Australia and the recommencement of PAS sales to China in the second half, including an order for 120 PAS from China received in July 2018.

Managing Director's Review
Continued

Approval of Technegas for sale in the US

Gaining USFDA approval to sell Technegas in the United States is a priority for Cyclopharm. The US market has the potential to be the largest market for Technegas globally, delivering a substantial increase in value for Cyclopharm's shareholders.

Cyclopharm received USFDA approval for its Technegas trial design in November 2016, through a Special Protocol Assessment process. The trials are proceeding well and, subject to meeting enrollment targets, arer expected to conclude in first half 2019, with approval for sales in late 2019.

The clinical trial program is designed to compare Technegas against Xe-133, the nuclear medicine ventilation imaging agent currently used in the USA. The first phase of the trial, already submitted, reviewed and approved by the USFDA, was a desk-top study designed to determine both the inter and intra reader variability of Xe-133 as well as determining the number of patients required for the Phase III study. Cyclopharm is seeking a structural indication in a non-inferiority protocol including 240 patients across several respiratory disease states.

As at 8 August 2018, 60 patients have been fully enrolled in the study from a total of five active locations. Analysis of the first 40 patients submitted to the USFDA in the first half of 2018, confirmed the company's confidence in a successful outcome to the trial process. Cyclopharm continues to focus on patient recruitment and expanding the number of trial sites as we work towards the conclusion of the trial and USFDA approval in 2019.

A Type C meeting request to consider options to refine and accelerate the trial has been granted by the USFDA. The meeting will be held on 11 October 2018 at the USFDA headquarters. We remain confident that the application for market entry into the United States will be successful, due to successful trial results to date, Technegas' existing global footprint and long-standing successful safe and efficacious track record of use.

Expenditure on the USFDA trials will continue to be expensed until approval is achieved. The total cost of the USFDA trial and registration program is expected to be approximately US$7.5 million. For the half year, these expenses totalled $1,455,733 compared to $1,582,807 in the pcp.

New indication development

Cyclopharm continues to make progress in developing new indications for Technegas. Other disease states beyond Pulmonary Embolism (PE), which include COPD, asthma, Chronic thromboembolic pulmonary hypertension (CTEPH), lung transplants and lung cancer, offer significant market opportunities for Technegas.

These are currently being targeted through clinical studies, such as the recently completed Chinese COPD trials. Preliminary results of the trials 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. Technegas was also more accurate at measuring impairment in lung function and therefore better able to monitor the effectiveness of treatment.

Cyclopharm is actively progressing opportunities to present the findings to clinicians globally, in order to encourage the use of Technegas in diagnosis and treatment monitoring of COPD and the expansion of the traditional market of diagnosing PE.

Cyclopharm estimates the global COPD market is 30 times the size of the PE market and over 500 million patients suffering with COPD and Asthma could benefit from the use of Technegas in diagnosis and patient management. These markets represent significant opportunities to expand sales of Technegas and drive shareholder value over the medium term.

Another initiative underway is the collaboration with the University of Newcastle, Hunter Regional Medical Institute and John Hunter Hospital on a 100-patient study to test two specific hypotheses:

1. There is ventilation heterogeneity among patients with severe obstructive airway diseases that can be assessed using Technegas functional lung ventilation imaging with quantification; and
2. Technegas functional lung ventilation imaging with quantification is responsive to change following intervention in patients with severe obstructive airway diseases.

The implication in advancing these hypotheses further could expand the use of Technegas by improving the diagnosis and management of patients with COPD and other small airways diseases.

As of 13 August 2018, 53 patients had been enrolled in the study with final results expected in 2019. The cost of the trial is estimated to be approximately $600,000. For more information go to: https://hmri.org.au/news-article/nuclear-imaging-clear-airway-diagnosis .

Technegas is also the focus of a new Woolcock Institute for Medical Research clinical trial, seeking to develop better tools to diagnose and manage patients suffering from Asthma and COPD. The three-year, 100 patient trial is being conducted in collaboration with The University of Sydney and the Northern Sydney Local Health District. The trial is being funded by Cyclopharm and will cost $387,000.

The trial follows a Lancet Commission report that identified the need for innovative ways to study asthma to develop new Asthma and COPD treatment regimes and to monitor the success and progress of treatment.

The trial will assess Technegas as the imaging agent that could fulfill the criteria of a novel and effective measurement tool to advance the study of asthma, which has hit a 'road-block', and the development of personalised treatment of Asthma and COPD. The trial commenced in May 2018.

ULTRALUTE™

Following initial commercial sales of Cyclopharm's patented nuclear medicine technology Ultralute™ the decision was taken to pursue registration of Ultralute™, within Europe, as a medical device technology. Registration of Ultralute™ as a medical device category is expected to optimise the commercial value of this technology over the mid to longer term.

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.

In early 2016, as part of an International Atomic Energy Agency (IAEA) scientific summit to review emerging technologies in the production and supply of Molybdenum-99 (Mo99), Ultralute™ was recognised for its optimisation of the isotope Tc99m.

The IAEA formally invited Cyclopharm to collaborate in launching a multi-country, multi-centre evaluation of Ultralute™ in 2017, describing Ultralute™. as a "*new innovation…that has significant global potential in the nuclear medicine supply chain*".

The Group continues to develop Ultralute™ as a medical device technology. Meaningful commercial sales of Ultralute™ within the medical device category in Europe are expected in the first half of 2019. The company believes the commercial prospects for Ultralute™ are exciting is confident it will provide the basis for enhanced shareholder returns over the longer term.

Managing Director's Review
Continued

MACQUARIE MEDICAL IMAGING

Steady 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 11% 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 strategies for both inpatient and outpatient services. Initiatives being implemented at MUH, including a new breast cancer clinic and expanded specialties such as cardiothoracic services, cancer care services, expanded PET indications and research, will assist in driving that growth.

In November 2016, MMI opened a satellite practice located at the nearby Macquarie Shopping Centre. Services at the Macquarie Shopping Centre are limited to high volume procedures to include x-ray, ultrasound and CT. Initial trading results are encouraging with the location drawing patients, shoppers, employees and the numerous businesses in the immediate business district and has been contributed to the sales 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.

OUTLOOK

Given the strong clinical support for Technegas as the functional ventilation imaging agent of choice in determining PE[3], we believe demand for Technegas will grow in our existing markets. Additionally, we will continue to educate referring physicians on the clinical and safety superiority of our diagnostic capabilities compared with competing technologies such as CTPA[4].

Revenue in 2018 is expected to benefit from higher volumes in France, following the signing of the new distribution agreement in that market, a resumption in sales to China, and the resolution of the company's litigation in the German market.

The Directors are resolute in their view that USFDA approval to market Technegas into the US market provides Cyclopharm with a major opportunity to significantly expand Cyclopharm's sales and profitability.

We look forward to introducing Technegas to the United States market following the completion of our Phase 3 clinical trial program in first half 2019 and subsequent anticipated approval by the USFDA. Cyclopharm's Type C meeting with the USFDA, in October this year, will provide an opportunity to consider options to refine and accelerate the trial. We also continue to pursue regulatory approvals to commence sales in other promising new markets such as Russia.

Developing additional Technegas indications, particularly for COPD, remains a key priority. If successful, there is significant potential to expand Technegas' revenue and profitability over the medium to longer term.

Cyclopharm is progressing commercial production of the exciting Ultralute™ technology, including its registration as a medical device in Europe, while simultaneously entering into discussions with potential commercial partners. Global industry interest in Ultralute™ is positive and growing. We look forward to making further announcements later this year regarding Ultralute's™ progress and remain excited about the potential for it to be a complementary driver in the next stage of Cyclopharm's growth.

[3] 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

[4] 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

We expect the Molecular Imaging division, which houses the Cyclotron, to record a small operating loss in the second half of 2018. Operating costs of approximately $25,000 per month will be incurred while the future of the facility is being determined. Cyclopharm intends to use the Cyclotron facility at MUH to progress research and development activities until a longer-term use for the facility is determined.

As a result of simplifying the Group's 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 underlying operating results. We are now in a significantly stronger position to realise the potential of the highly profitable and cash-generating Technegas business in local and international markets and to continue the development and marketing of Ultralute™.

As a team, we are continually reviewing our organisation's capabilities to ensure that we have the managerial and governance expertise to deliver on our strategic objectives. More recently this process saw new clinical expertise brought into the Group to assist in the delivery of our growth objectives.

In summary, I expect Cyclopharm to achieve modest underlying sales and earnings growth in 2018 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, 23 August 2018

Directors' Report

The Directors of Cyclopharm Limited ("Cyclopharm" or "Group") submit their half yearly report together with the financial report for Cyclopharm and its controlled entities for the half year ended 30 June 2018.

DIRECTORS

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

Mr D J Heaney	Non-Executive Chairman
Mr V R Gould	Non-Executive Director
Mr T A McDonald	Non-Executive Director
Mr J S McBrayer	Managing Director

PRINCIPAL ACTIVITIES

During the half 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. There were no significant changes in the nature of the consolidated entity's principal activities during the half year.

OPERATING AND FINANCIAL REVIEW

Operating results for the half year

For the reporting period, the consolidated entity recorded a half year loss before tax of $1,331,371 (2017: loss before tax of $1,166,872) impacted by higher FDA expenses incurred of $1,455,733 (2017: $1,582,807). The Molecular Imaging division recorded a loss before tax of $180,470 (2017: loss before tax of $242,145).

The increase in half year revenues was achieved by sales of TechnegasPlus generators to higher margined markets (up $0.13 million or 15%) while service revenue increased by $0.14 million. Individual Patient Administration Set (PAS) revenue was consistent at $4.90 million.

Despite the positive 5% gains in consolidated revenue, PAS revenue in Germany was $0.54 million lower as compared to the previous period. The lower revenue is a direct result of the issues previously announced between the company and Almedis Altmann GMBH.

Financial position

Net assets have decreased from $17,249,392 as at 31 December 2017 to $16,264,309 as at 30 June 2018 predominantly due to the net loss after tax of $684,689 for the half year and dividends paid of $321,653.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Shares cancelled and issued during the half year

No shares were cancelled or issued during the half year.

Acquisition of Medicall Analys AB

On 1 May 2018, the Group acquired via a Share Sale Agreement 100% of the ordinary shares of Medicall Analys AB ("MA"), a Swedish private company.

Other than as set out above, there were no significant changes in the state of affairs of the consolidated entity during the half year.

Directors' Report

Continued

SIGNIFICANT EVENTS AFTER BALANCE DATE

500,000 Long Term Incentive Plan shares were issued on 2 July 2018.

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.

DIVIDEND

The Directors are pleased to declare an unfranked interim dividend of 0.5 cents per share which will be paid on 17 September 2018. The record date for the interim dividend is 10 September 2018.

The Directors intend to continue to manage the capital of the Group 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, 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 that they will declare dividends for each forthcoming half year period, and that the FY2018 final dividend will be an amount equal to or greater than the 2018 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, 23 August 2018

23 August 2018

The Board of Directors
Cyclopharm Limited
Unit 4, 1 The Crescent
Kingsgrove NSW 2208

Dear Board Members

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

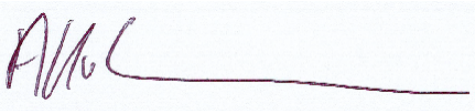
As lead auditor for the review of the condensed consolidated financial statements of Cyclopharm Limited for the half-year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

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

Yours sincerely

Nexia Sydney Audit Pty Limited



Andrew Hoffman
Director

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Condensed Consolidated Statement of Comprehensive Income

For the half year ended 30 June 2018

	Notes	Consolidated 30 June 2018 $	Consolidated 30 June 2017 $
CONTINUING OPERATIONS			
Sales revenue		6,341,766	6,056,944
Finance revenue		57,747	7,625
Total Revenue		**6,399,513**	**6,064,569**
Cost of materials and manufacturing		(1,461,681)	(1,122,207)
Employee benefits expense		(1,880,008)	(1,806,251)
Advertising and promotion expense		(190,841)	(232,041)
Depreciation and amortisation expense		(204,712)	(142,229)
Freight and duty expense		(244,887)	(197,352)
Research and development expenses*		(1,536,058)	(1,691,081)
Administration expense		(2,018,506)	(1,810,107)
Other expenses		(182,726)	(221,241)
Loss before tax and finance costs		**(1,319,906)**	**(1,157,940)**
Finance costs		(11,465)	(8,932)
Loss before income tax		**(1,331,371)**	**(1,166,872)**
Income tax benefit / (expense)		646,682	(260,246)
Net loss for the period		**(684,689)**	**(1,427,118)**
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)		4,588	76,091
Total comprehensive loss for the year		**(680,101)**	**(1,351,027)**
Loss per share (cents per share)	5	**cents**	**cents**
-basic loss per share for continuing operations		(1.01)	(2.47)
-basic loss per share		(1.01)	(2.47)
-diluted loss per share		(1.01)	(2.48)

* Included in Research and development expenses are amounts incurred on FDA expenses of $1,455,733 (2017: $1,582,807).

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 2018

	Notes	Consolidated 30 June 2018 $	Consolidated 31 December 2017 $
Assets			
Current Assets			
Cash and cash equivalents		7,611,330	8,689,676
Trade and other receivables		3,594,698	5,337,824
Inventories		2,870,662	2,677,303
Current tax asset		67,736	27,778
Other assets		244,325	96,258
Total Current Assets		**14,388,751**	**16,828,839**
Non-current Assets			
Property, plant and equipment		2,542,693	2,682,423
Investments	6	-	-
Intangible assets		4,395,045	2,767,030
Deferred tax assets		1,225,538	1,098,949
Total Non-current Assets		**8,163,276**	**6,548,402**
Total Assets		**22,552,027**	**23,377,241**
Liabilities			
Current Liabilities			
Trade and other payables		3,407,051	2,606,594
Interest bearing loans and borrowings		148,258	87,536
Provisions		1,166,327	944,276
Tax liabilities		318,916	1,573,059
Total Current Liabilities		**5,040,552**	**5,211,465**
Non-current Liabilities			
Trade and other payables		486,209	154,727
Interest bearing loans and borrowings		-	87,330
Provisions		298,961	212,335
Deferred tax liabilities		553	549
Deferred income liabilities	7	461,443	461,443
Total Non-current Liabilities		**1,247,166**	**916,384**
Total Liabilities		**6,287,718**	**6,127,849**
Net Assets		**16,264,309**	**17,249,392**
Equity			
Contributed equity	8	21,551,727	21,551,727
Employee equity benefits reserve		641,709	625,038
Foreign currency translation reserve		(598,613)	(603,201)
Accumulated losses		(5,330,514)	(4,324,172)
Total Equity		**16,264,309**	**17,249,392**

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 2018

	Consolidated	
	30 June 2018	30 June 2017
	$	$
Operating activities		
Receipts from customers	6,422,905	6,713,829
Payments to suppliers and employees	(7,626,522)	(6,678,864)
Interest received	57,747	7,625
Borrowing costs paid	(11,465)	(8,932)
Income tax received / (paid)	1,419,190	(222,868)
Net cash flows from /(used in) operating activities	**261,855**	**(189,210)**
Investing activities		
Net payments for acquisition of subsidiary	(594,137)	-
Purchase of property, plant and equipment	(57,435)	(155,237)
Payments for deferred expenditure*	(352,557)	(391,128)
Net cash flows used in investing activities	**(1,004,129)**	**(546,365)**
Financing activities		
Proceeds from issue of shares	-	6,947,816
Costs of raising capital	-	(358,722)
Dividends paid	(321,653)	(278,309)
Repayment of bank borrowings	(26,608)	-
Net cash flows (used in) / from financing activities	**(348,261)**	**6,310,785**
Net increase in cash and cash equivalents	**(1,090,535)**	**5,575,210**
Cash and cash equivalents		
at beginning of the period	**8,689,676**	**4,590,760**
net foreign exchange differences from translation of cash and cash equivalents	12,189	453,950
at end of the period	**7,611,330**	**10,619,920**

* Included in payments for deferred expenditure are amounts incurred on Ultralute $189,134 (2017: $224,804) and the development of the next generation of the Technegas generator $154,400 (2017: $146,032).

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 2018

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 2017	**20,296,125**	**(5,333,158)**	**14,962,967**	**(2,199,479)**	**(905,307)**	**603,622**	**12,461,803**
Loss for the half year	-	-	-	(1,427,118)	-	-	(1,427,118)
Other comprehensive income	-	-	-	-	76,091	-	76,091
Total comprehensive loss for the half year	**-**	**-**	**-**	**(1,427,118)**	**76,091**	**-**	**(1,351,027)**
Issue of non-renounceable entitlement offer shares	6,947,816	-	6,947,816	-	-	-	6,947,816
Cost of raising capital	(358,722)	-	(358,722)	-	-	-	(358,722)
Dividends paid	-	-	-	(278,309)	-	-	(278,309)
Cost of share based payments	-	-	-	-	-	(8,136)	(8,136)
Total transactions with owners and other transfers	**6,589,094**	**-**	**6,589,094**	**(278,309)**	**-**	**(8,136)**	**6,302,649**
Balance at 30 June 2017	**26,885,219**	**(5,333,158)**	**21,552,061**	**(3,904,906)**	**(829,216)**	**595,486**	**17,413,425**
Balance at 1 January 2018	**26,884,885**	**(5,333,158)**	**21,551,727**	**(4,324,172)**	**(603,201)**	**625,038**	**17,249,392**
Loss for the half year	-	-	-	(684,689)	-	-	(684,689)
Other comprehensive income	-	-	-	-	4,588	-	4,588
Total comprehensive loss for the half year	**-**	**-**	**-**	**(684,689)**	**4,588**	**-**	**(680,101)**
Dividends paid	-	-	-	(321,653)	-	-	(321,653)
Cost of share based payments	-	-	-	-	-	16,671	16,671
Total transactions with owners and other transfers	**-**	**-**	**-**	**(321,653)**	**-**	**16,671**	**(304,982)**
Balance at 30 June 2018	**26,884,885**	**(5,333,158)**	**21,551,727**	**(5,330,514)**	**(598,613)**	**641,709**	**16,264,309**

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

1. CORPORATE INFORMATION

The half year financial report of Cyclopharm Limited for the half year ended 30 June 2018 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 2018 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 2017, 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 2017 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 2018. The new and amended Standards are not expected to have a significant impact on the Group's financial statements.

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 did not have a significant impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

AASB 9: Financial Instruments and associated Amending Standards

This Standard replaces AASB 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

There has been no material impact on the financial statements upon the Group's application of AASB 9.

AASB 2016-5: Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

This Standard amends AASB 2 Share-based Payment to address:
(a) the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of this amended statement is not expected to have a material impact on the Group's financial statements.

AASB 15: Revenue from Contracts with Customers

AASB 15 supersedes AASB 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new Standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This Standard requires entities to exercise judgement, taking into consideration all of the relevant fact and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted AASB 15 and there was no material impact to the financial statements.

The Group is in the business of providing medical and radiopharmaceutical equipment and consumables and aftersales services. The equipment, consumables and services are sold on their own in separately identified contracts with customers.

a) Sale of goods
The Group's contracts with customers for the sale of equipment and consumables generally include one performance obligation. The Group has concluded that revenue from sales of equipment and consumables should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition. The amount of revenue recognised was not affected because contracts for the sales of equipment and consumables do not provide customers with a right of return or any volume rebates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

b) Rendering of services
The Group provides aftersales services which are sold separately from the sale of equipment to a customer. The aftersales services do not significantly customise or modify the equipment. Prior to the adoption of AASB 15, the Group accounted for the equipment and aftersales service as separate deliverables based on the invoiced amounts. Under AASB 15, the Group assessed that there is no material impact to the accounting treatment.

c) Presentation and disclosure requirements
As required for the condensed interim financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 3 for the disclosure on disaggregated revenue.

AASB 2017-1: Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments

This Standard clarifies that:

b) a change in classification to or from investment property can only be made where there is evidence of a change in use of the property. A change in management's intention is, in isolation, not evidence of a change in use; and

b) the election by a venture capital organisation, mutual fund, unit trust or similar entity to measure investments in an associate or joint venture at fair value through profit or loss is made separately for each associate or joint venture.

The adoption of this Standard is not expected to have a material impact on the Group's financial statements.

Interpretation 22: Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which the entity recognises the payment or receipt of advance consideration in a foreign currency.
The adoption of Interpretation 22 is not expected to have a material impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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 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.

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.

Interpretation 23: Uncertainty over Income Tax Treatments

Interpretation 23 clarifies how to apply the recognition and measurement requirements in AASB 112 Income Taxes when there is uncertainty over income tax treatments.

Consequential amendments are made to AASB 1 First-time Adoption of Australian Accounting Standards as a result of Interpretation 23 by AASB 2017-4.

The adoption of this Interpretation is not expected to have a material impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

New Accounting Standards and Interpretations Not Yet Adopted (continued)

AASB 2017-6: Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation.

This Standard amends AASB 9 to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature.

The adoption of AASB 2017-6 is not expected to have a material impact on the Group's financial statements.

AASB 2017-7: Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

This Standard amends AASB 128 to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128.

The adoption of this Standard is not expected to have a material impact on the Group's financial statements.
Applicable to annual reporting periods beginning on or after 1 January 2022:

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 2022 by AASB 2017-5.

These new and amended Standards are not expected to have a significant impact on the Group's financial statements.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the period ended 30 June 2018		
	Technegas	Molecular Imaging	Total
Segments	**$**	**$**	**$**
Type of goods or service			
Sales of equipment and consumables	5,897,005	-	5,897,005
After sales services	444,761	-	444,761
Total revenue from contracts with customers	**6,341,766**	**-**	**6,341,766**
Geographical markets			
Asia Pacific	1,156,451	-	1,156,451
Europe	3,963,037	-	3,963,037
Canada	1,109,112	-	1,109,112
Other	113,166	-	113,166
Total revenue from contracts with customers	**6,341,766**	**-**	**6,341,766**
Timing of revenue recognition			
Goods transferred at a point in time	6,167,166	-	6,167,166
Services transferred over time	174,600	-	174,600
Total revenue from contracts with customers	**6,341,766**	**-**	**6,341,766**

	For the period ended 30 June 2017		
	Technegas	Molecular Imaging	Total
Segments	**$**	**$**	**$**
Type of goods or service			
Sales of equipment and consumables	5,752,964	25,764	5,778,728
After sales services	278,216	-	278,216
Total revenue from contracts with customers	**6,031,180**	**25,764**	**6,056,944**
Geographical markets			
Asia Pacific	1,298,376	25,764	1,324,140
Europe	3,594,259	-	3,594,259
Canada	1,025,302	-	1,025,302
Other	113,243	-	113,243
Total revenue from contracts with customers	**6,031,180**	**25,764**	**6,056,944**
Timing of revenue recognition			
Goods transferred at a point in time	5,858,680	25,764	5,884,444
Services transferred over time	172,500	-	172,500
Total revenue from contracts with customers	**6,031,180**	**25,764**	**6,056,944**

There are no impairment losses on receivables and contract assets arising from contracts with customers.

4. SEGMENT REPORTING

For the period ended	Consolidated		
	Technegas	Molecular Imaging	Total
30 June 2018	**$**	**$**	**$**
Revenue			
Sales to external customers	6,341,766	-	6,341,766
Finance revenue	56,957	790	57,747
Total segment revenue	**6,398,723**	**790**	**6,399,513**
Result			
Loss before tax, depreciation and finance costs	**(936,159)**	**(179,035)**	**(1,115,194)**
Depreciation and amortisation	(204,681)	(31)	(204,712)
Loss before tax and finance	**(1,140,840)**	**(179,066)**	**(1,319,906)**
Finance costs	(10,061)	(1,404)	(11,465)
Loss before tax	**(1,150,901)**	**(180,470)**	**(1,331,371)**
Income tax	553,309	93,373	646,682
Loss for the period	**(597,592)**	**(87,097)**	**(684,689)**
Assets and liabilities			
Segment assets	19,660,378	2,891,649	22,552,027
Segment liabilities	5,372,874	914,844	6,287,718

4. SEGMENT REPORTING

For the period ended	Consolidated		
	Technegas	Molecular Imaging	Total
30 June 2017	**$**	**$**	**$**
Revenue			
Sales to external customers	6,031,180	25,764	6,056,944
Finance revenue	6,589	1,036	7,625
Total segment revenue	**6,037,769**	**26,800**	**6,064,569**
Result			
Loss before tax, depreciation and finance costs	**(774,888)**	**(240,823)**	**(1,015,711)**
Depreciation and amortisation	(142,198)	(31)	(142,229)
Loss before tax and finance	**(917,086)**	**(240,854)**	**(1,157,940)**
Finance costs	(7,641)	(1,291)	(8,932)
Loss before tax	**(924,727)**	**(242,145)**	**(1,166,872)**
Income tax expense	(100,386)	(159,860)	(260,246)
Loss for the period	**(1,025,113)**	**(402,005)**	**(1,427,118)**
Assets and liabilities			
Segment assets	19,341,273	2,551,324	21,892,597
Segment liabilities	3,621,541	857,631	4,479,172

5. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	Consolidated	
	30 June 2018	31 December 2017
	$	$
Net assets per share	0.24	0.25
Net tangible assets per share	0.17	0.21
	Number	Number
Number of ordinary shares for net assets per share	68,254,316	68,254,316
	30 June 2018	31 December 2017
	$	$
Net assets	16,264,309	17,249,392
Net tangible assets	11,869,264	14,482,362

The number of ordinary shares includes the effects of 8,684,768 shares issued on 30 June 2017 in connection with the entitlement offer exercise and 225,000 Long Term Incentive Performance ("LITP") shares issued on 19 April 2017 as set out in Note 8.

Loss per share

	Consolidated	
	30 June 2018	30 June 2017
	$	$
Net loss attributable to equity holders of the parent	(684,689)	(1,427,118)
	cents	cents
- basic loss per share for continuing operations	(1.01)	(2.47)
- basic loss per share	(1.01)	(2.47)
- diluted loss per share	(1.01)	(2.48)
	Number	Number
Weighted average number of ordinary shares for basic loss per share	67,891,316	57,802,972
Weighted average number of ordinary shares for diluted loss per share	67,891,316	57,433,125

The weighted average number of ordinary shares for basic loss per share excludes the effects of 225,000 LTIP shares issued on 19 April 2017 and 138,000 LTIP shares issued on 25 July 2016 (2017: 225,000 LTIP shares issued on 19 April 2017, 138,000 LTIP shares issued on 25 July 2016 and 2,203,590 LTIP shares issued on 13 July 2015) as they are contingently returnable.

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	30 June 2018	31 December 2017
	$	$
Associated companies	-	-

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest	
				30 June 2018	31 December 2017
Macquarie Medical Imaging Pty Ltd	Imaging centre	Australia	Preference	20%	20%

	Consolidated	
	30 June 2018	31 December 2017
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% (2017: 20%) interest in Macquarie Medical Imaging Pty Ltd. The share of the associate's loss not recognised during the period was $182,755 (30 June 2017: loss of $357,475) and the cumulative share of the associate's loss not recognised as at 30 June 2018 was $2,397,588 (31 December 2017: $2,214,833).

The share of loss of associate not recognised as at 30 June 2018 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 (2017: $nil).

7. DEFERRED INCOME LIABILITIES

A portion of the Research & Development Grant refund received/receivable 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

	Notes	Consolidated 30 June 2018 Number	30 June 2017 Number	30 June 2018 $	30 June 2017 $
Issued and paid up capital					
Ordinary shares		68,254,316	68,636,501	26,884,885	26,885,219
Other contributed equity		-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**68,254,316**	**68,636,501**	**21,551,727**	**21,552,061**
Ordinary shares					
Issued and paid up capital					
Balance at the beginning of the period		68,254,316	59,726,733	26,884,885	20,296,125
Issue of Long Term Incentive Plan shares	(i)	-	225,000	-	-
Issue of non-renounceable entitlement shares	(ii)	-	8,684,768	-	6,589,094
Balance at the beginning and end of period		**68,254,316**	**68,636,501**	**26,884,885**	**26,885,219**

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) 225,000 Long Term Incentive Plan shares were issued on 19 April 2017 under the non-recourse loan payment plan at an exercise price of $0.90.
(ii) On 30 June 2017, the Company completed a capital raising exercise comprising a pro-rata non-renounceable entitlement offer to eligible shareholders of 1 share for every 6.8 shares held by eligible shareholders at an issue price of $0.80 per new share, resulting in the issue of 8,684,768 shares.

Dividends

The Directors declared an unfranked interim dividend of 0.5 cents per share which has not been recognised in these condensed consolidated financial statements as it was declared subsequent to 30 June 2018. An unfranked final dividend of 0.5 cents per share in respect of the financial year ended 31 December 2017 (2017: unfranked final dividend of 0.5 cents per share in respect of the financial year ended 31 December 2016) was paid during the current financial period.

	Consolidated 30 June 2018 Cents per share	30 June 2017 Cents per share	30 June 2018 $	30 June 2017 $
Fully paid ordinary shares				
Final dividend for the financial year				
- No franking credits attached	0.5	0.5	(321,653)	(278,309)
	0.5	**0.5**	**(321,653)**	**(278,309)**

9. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

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

	Consolidated	
	30 June 2018	31 December 2017
	$	$
Operating Lease Commitments		
Minimum lease payments		
Due not later than one year	774,294	679,346
Due later than 1 year & not later than 5 years	1,827,080	1,889,463
More than 5 years	982,851	1,117,678
Total operating lease commitments	**3,584,225**	**3,686,487**
Operating lease expenses recognised as an expense during the period / year	370,998	755,447

- Cyclomedica Australia Pty Ltd 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. In 2017, the landlord extended the lease from 5 years to 10 years with renewal options. The lease term extension is 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.
- Cyclomedica Canada Limited has entered into a commercial lease for office space in Ontario, Canada. The lease has a term of 2 years.
- Medicall Analys AB has entered into commercial leases for cleaning and office management services with terms of 2 years.
- The Group also has entered into commercial leases on motor vehicles that have an average life of approximately 3 to 4 years.

(b) Finance lease commitments

	Consolidated	
	30 June 2018	31 December 2017
	$	$
Finance Lease Commitments		
Minimum lease payments		
Due not later than one year	23,593	20,204
Due later than 1 year & not later than 5 years	58,712	81,719
More than 5 years	-	-
Total finance lease commitments	**82,305**	**101,923**

9. COMMITMENTS AND CONTINGENCIES

(c) Capital commitments

There are no capital commitments as at the reporting date.

(d) Contingent liabilites

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 $2,610,967 (31 December 2017: $2,393,465). 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 condensed 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 $	Amounts owed by related parties $	Provision for doubtful debts on Amounts owed by related parties $
Cell Structures Pty Ltd	*2018*	-	25,500	-	-
	2017	-	18,380	-	-
Macquarie Medical Imaging	*2018*	-	-	230,782	230,782
	2017	-	-	230,782	230,782
Almedis Altmann GMBH*	*2018*	-	-	-	-
	2017	491,202	-	325,782	-

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 half year, payments of $25,500 (2017: $18,380) were made to Cell Structures Pty Ltd (an entity controlled by Director, Mr. Tom McDonald). All payments related to Mr. McDonald's role as a non-executive director, including consultancy services provided by him.
- 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 (2017: $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 6.
- During the half year, no sales of large crucibles (2017: $491,202) were made to Almedis Altmann GmbH (an entity controlled by former General Manager - Europe, Mr. Bjorn Altmann).

Transactions between related parties are at normal commercial prices and on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

11. DIVIDEND DECLARED DETAILS

The Company has declared an unfranked interim dividend of 0.5 cents per share which will be paid on 17 September 2018. The record date for the interim dividend is 10 September 2018.

12. EVENTS AFTER THE BALANCE SHEET DATE

500,000 Long Term Incentive Plan shares were issued on 2 July 2018.

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.

13. BUSINESS COMBINATIONS

Acquisition of Medicall Analys AB

On 1 May 2018, the Group acquired via a Share Sale Agreement 100% of the ordinary shares of Medicall Analys AB ("MA"), a Swedish private company. MA and its subsidiaries specialise in the sales and marketing support of medical supplies in Sweden including the distribution of nuclear medicine imaging products. MA is the distributor for Technegas products in the Sweden, Norway and Finland markets and its purchase is expected to provide supply chain synergies to the Group.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of MA for the period between 1 May 2018 and 30 June 2018.

The provisional fair values of identifiable assets and liabilities of MA at the date of acquisition were:

	Provisional Fair value recognised on acquisition
	$
Assets	
Investments	154
Cash and cash equivalents	86,830
Inventories	76,372
Debtors	162,279
Other receivables and prepayments	35,300
Total Assets	**360,935**
Liabilities	
Trade and other payables	193,783
Borrowings	14,500
Provisions and other liabilities	81,269
Total liabilities	**289,552**
Total identifiable net assets at fair value	71,383
Goodwill arising on acquisition	1,290,551
Purchase consideration transferred/transferable (i)	**1,361,934**

	$
Net cash acquired with the subsidiary (included in cash flows from investing activities)	86,830
Cash paid	(680,967)
Net cash inflow	**(594,137)**

The provisional fair value of receivables amounts to $197,579.

13. BUSINESS COMBINATIONS (continued)

(i) The purchase consideration of $1,361,934 included SEK 4,423,221 future consideration payable in cash. The future consideration is payable in 2 tranches being SEK 2,211,611 each on the first and second post completion dates.

From the date of acquisition to the end of the reporting period, MA contributed revenue of $445,535 and a net profit after tax of $123,953 to the continuing operations of the Group. If the acquisition date had been at the beginning of the reporting period, MA would have contributed revenue of $919,775 and a net profit after tax of $178,900 to the continuing operations of the Group.

The goodwill recognised is primarily attributed to synergies available to the new group which will enhance shareholder value through capturing agency commissions and providing control over distribution and pricing. The goodwill is not deductible for income tax purposes. Transaction costs of $4,899 have been expensed and are included in Administration expense in the Statement of Comprehensive Income and are part of operating cash flows in the statement of cash flows.

(ii) Due to the timing of the completion of this acquisition and the date of this financial report, the above disclosures use provisional figures. Business combination accounting will be finalised as part of the year end reporting for the 12 months ending 31 December 2018.

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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 2018 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, 23 August 2018

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 2018, 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 explanatory information, and the directors' declaration of the consolidated entity 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 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 control 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 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 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 2018 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.

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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.

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 2018 and of its performance for the half-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 Limited

Andrew Hoffman
Director

Sydney, 23 August 2018

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General Information

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Non-Executive Chairman

James McBrayer
Managing Director & CEO

Vanda Gould
Non-Executive Director

Thomas McDonald
Non-Executive Director

Company Secretary
James McBrayer

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