Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2007

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	Fax Number	02 9227 0334
Date	28 August 2007	No of Pages	32 incl. cover
From	William Richardson	Fax Number	03 9820 5957
Subject	Appendix 4D		

Please see attached 30 June 2007 Half Year Report for Cyclopharm Limited (ASX - CYC).

This announcement is made pursuant to Listing rule 4.2A.3. For all enquiries please contact

Mr William Richardson
Company Secretary
Cyclopharm Limited

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

Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2007

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 2007	30 June 2006

2. Results for announcement to the market

2.1 Revenues from ordinary activities	up	10%	to	4,790,891
2.2 Loss from ordinary activities after tax attributable to members	down	105%	to	(42,290)
2.3 Loss for the period attributable to members	down	105%	to	(42,290)

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.

Half Year Performance

Cyclopharm's revenue increased 10% to a record half year level of $4.79 million (2006 $4.36 million). Sales revenue from the Company's key products, TechnegasPlus generators ("Generators") and Patient Administration Sets ("PAS") was up 15% on June 2006. This was primarily a result of increased sales of new Generators which was first released for sale in the second half of 2006. The Molecular Imaging business did not contribute revenue during the period and its products will only be available from late 2008.

As budgeted, operating costs increased to $3.16 million (2006: $2.33 million). The higher operating costs reflect the investment the Company is making in the expansion of its sales and service network to facilitate the rollout of its new Generator (refer to Operating Review – Technegas), the establishment of the Molecular Imaging business ($0.22 million), and corporate costs associated with Cyclopharm being a ASX listed company ($0.31 million).

Net loss after tax attributable to members for the half year was $42,290. Comparison with the prior period (2006 profit after tax $0.87 million) is not appropriate as the rollout of the Generator only commenced in the second half of 2006, the Molecular Imaging business had not been formed and Cyclopharm was part of an unlisted group at that time. Whilst sales were up, profitability was down as the sales mix (more Generators and less PAS) produced lower gross profit margins and because of the increased costs referred to above. By year end, higher PAS sales are expected to restore profit margins.

Outlook

The Company will continue with the development of its Molecular Imaging business and construction works on one or more of its Pharmacies is placed to begin.

The strong sales trend for Generators in the first half is expected to continue in the second half and 2007 sales (revenue and units) are forecast to comfortably exceed that achieved in 2006. The shortfall in sales (revenue and units) of PAS in the first half is expected to be largely caught up in the second half. Overall sales of PAS (revenue and units) for 2007 are forecast to exceed that of 2006.

The sales product mix trend established in the first half of 2007 is likely to continue in the second half. This is likely to result in a gross margin of slightly more than 70% for the whole of 2007 (December 2006: 73%).

The Company expects several new regulatory approvals will be obtained in the second half of 2007 which will positively impact Generator and PAS sales. The positive effect of selling products into these markets is likely to be offset to some extent by lower than expected sales in the UK and several smaller European markets.

Overall the outlook for the Technegas business remains strong and sales and profit are forecast to exceed that of 2006.

3. Net tangible assets

	30 June 2007	31 December 2006
Net Tangible Assets per security	$0.04	($0.01)

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

Control over entities

Name of entity (or group of entities)	Not applicable

Loss of control over entities

Name of entity (or group of entities)	Not applicable

5. Dividends

Not applicable

6. Dividend reinvestment plans

Not applicable

7. Details of associates and joint venture entities

Not applicable

8. Foreign Entities

Not applicable

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

The accounts have been subject to review.

Cyclopharm Limited
Half Year Report 2007

cyclopharm

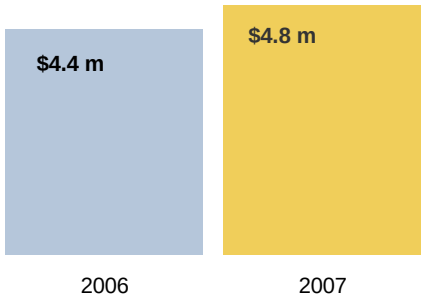
Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Contents

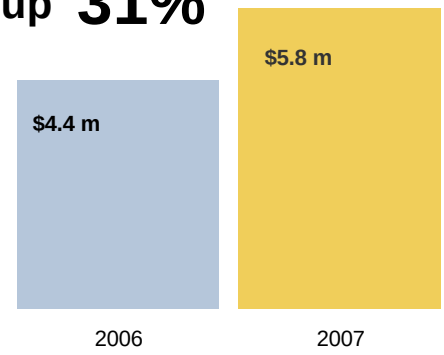
Financial Highlights

Half Year ending 30 June		2006	2007	% Change
Sales Revenue	$'000	4,357	4,791	+ 10%
NPAT	$'000	868	(42)	(105%)

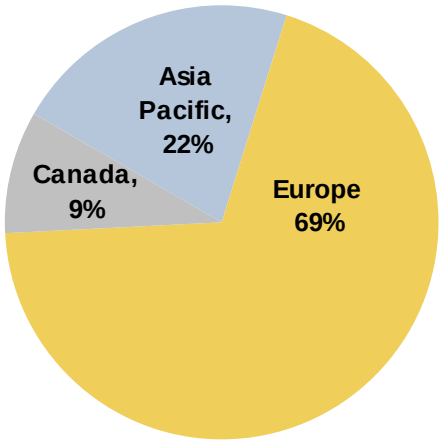
Sales Revenue up 10%



Cash Receipts up 31%



Sales by Region



Managing Director's Review

FEATURES

Welcome to the first Half Year Report for Cyclopharm Limited ("Cyclopharm" or the "Company").

Cyclopharm's revenue increased 10% to a record half year level of $4.79 million (2006 $4.36 million). Sales revenue from the Company's key products, TechnegasPlus generators ("Generators") and Patient Administration Sets ("PAS") was up 15% on June 2006. This was primarily a result of increased sales of new Generators which was first released for sale in the second half of 2006. The Molecular Imaging business did not contribute revenue during the period and its products will only be available from late 2008.

As budgeted, operating costs increased to $3.16 million (2006: $2.33 million). The higher operating costs reflect the investment the Company is making in the expansion of its sales and service network to facilitate the rollout of its new Generator (refer to Operating Review – Technegas), the establishment of the Molecular Imaging business ($0.22 million), and corporate costs associated with Cyclopharm being a ASX listed company ($0.31 million).

Net loss after tax attributable to members for the half year was $42,290. Comparison with the prior period (2006 profit after tax $0.87 million) is not appropriate as the rollout of the Generator only commenced in the second half of 2006, the Molecular Imaging business had not been formed and Cyclopharm was part of an unlisted group at that time. Whilst sales were up, profitability was down as the sales mix (more Generators and less PAS) produced lower gross profit margins and because of the increased costs referred to above. By year end, higher PAS sales are expected to restore profit margins.

Overall, the Directors are satisfied with the progress of the Company's businesses in the first half of 2007 as its Technegas footprint has expanded, providing an expanded platform for future growth, and the Molecular Imaging business has begun to take shape.

OPERATING REVIEW

Molecular Imaging

The Molecular Imaging business is to initially build 3 PET Central Pharmacies ("Pharmacies") in Australia. These Pharmacies require extensive and technical input prior to construction. Since raising the necessary capital to commence this business in January this year, a large part of the planning, design and site feasibilities for the Company's Pharmacies and customer (hospital) PET radiopharmaceutical drug requirements have been completed.

These works cost approximately $0.22 million and were expensed. Accounting standards permit costs to be capitalised only when they can be "attached" to a physical asset (property). No revenue was earned during the period.

The next phases are:

1. To secure, construct and fit-out the Pharmacies;
2. Obtain Good Manufacturing Practice ("GMP") certification for each Pharmacy; and
3. Obtain regulatory approval for the radio-pharmaceuticals that are to be produced and sold to hospitals with PET imaging facilities.

Technegas

Technegas performed well in key markets and the acceptance of the Generator by hospitals (48 units installed in the first half of 2007) bodes well for increased use of PAS (consumables) in future periods. These Generator sales delivered revenue of $1.10 million (2006: $0.34 million). The commitment by hospitals to either replace their old Technegas generator or install new Generators for the first time is a testimony to the Company's proprietary technology. Importantly, it "cements" Technegas as the preferred diagnostic method for detecting pulmonary emboli with the Company's existing customers and expanding markets. This inturn underpins the recurring revenue base from the one time, one patient use of PAS.

Managing Director's Review
Continued

PAS or consumable revenue amounted to $3.48 million (72,850 units) for the current period (2006: $3.67 million and 81,200 units). The lower revenue and unit sales are largely timing related as several large orders received in June were not shipped and invoiced until July.

For the half year ended	30 June 2007 $	30 June 2006 $
Technegas Division		
Revenue	4,790,891	4,357,423
Profit before income tax	603,982	976,165

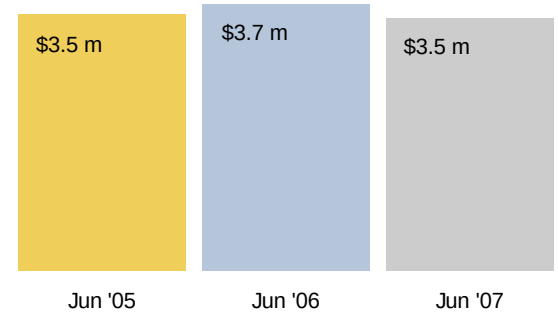
Revenue from all activities relating to Technegas was up 10% to $4.79 m (2006: $4.35 m).

Sales revenue from Generators and PAS was up 15% to $4.55 m (2006: $4.01 m).

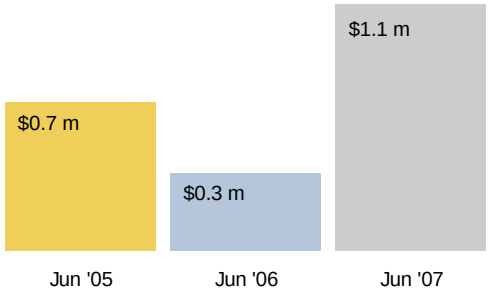
However, profit before income tax for the Technegas division for the half to June 2007 was impacted by:

- a change in the sales mix of products resulted in a gross profit margin of 71% compared to a margin of 76% in the 2006 half. This had an adverse financial impact of approximately $0.34 million;
- increased transportation charges of $0.11 m as Generators are heavy and shipped by air to customers (PAS are light and shipped by sea);
- one time patent and regulatory costs of approximately $0.14 million relating to the expansion of the Company's product offering, sales and service network; and
- export sales from Technegas accounted for 85% of sales revenue and the strong Australian dollar had an adverse financial impact of approximately $0.06 million.

Technegas Markets / Revenue Composition



Group, PAS Revenue



Group, Technegas Revenue

In Europe, France and Germany continue to be the Company's most important markets with revenue growth of 41% and 61% respectively. Both Generator and PAS sales were up on last year. The sale of 10 new Generators (2006: Nil) exemplifies the success of the "small user package" in Germany. A strong result for these markets is expected for the full year.

Overall, the remainder of Europe (excluding Germany and France) has experienced a slower first half with revenue down 27% compared to the first half of 2006. The reduction in revenue is largely timing related and as a result of several regulatory approvals being delayed which restricted sales to some countries. A recovery in "other" Europe sales is expected by the end of 2007 and to be at levels similar to or in excess of that in 2006.

Managing Director's Review
Continued

Canada continues to perform well, exceeding expectations and recording sales of $0.73 million (2006: $0.36 million) or 98% revenue growth. On a country basis, Canada is now Technegas's third largest market and strong growth is expected for the full year.

In Australia, Technegas enjoys a very high market share and revenue growth from this market has been flat in recent years. This pattern continued in the current period with revenue up 3% on June 2006.

In Asia, revenue was slightly up on 2006 and modest growth is expected for 2007.

In other developing regions, such as Latin America progress is slow. For example regulatory approval for the sale of Technegas in Brazil was expected during the first quarter of 2007, but to date approval has not been received.

FDA

Cyclopharm continues its program to obtain Food and Drug Administration ("FDA") approval of Technegas in the United States. The application is aimed at obtaining FDA approval to sell Technegas in the United States.

The FDA registration program requires preparation and submission of a detailed New Drug Application ("NDA") that describes manufacturing and quality control procedures, in vitro and in vivo preclinical information, and a minimum of two well-controlled clinical studies in human patients. The application must include evidence of clinical effectiveness and completely describe the safety characteristics of Technegas. This application is currently in preparation with submission targeted for late 2007.

Since January 2007, Cyclopharm has engaged additional US radiopharmaceutical and regulatory experts to assist in preparing the application including:

- Dr. Wolfangel who is heading the registration program as he has been instrumental in development and registration of radiopharmaceuticals in the United States, EU and Australia for over 35 years, during which time he secured marketing authorizations for more than a dozen products.
- Certus International, a firm with extensive experience in radiopharmaceutical approvals in the USA.

Together, they are working with the Company's existing advisors to complete and close the data base, process the clinical findings and obtain additional information required in the various sections of NDA.

The current clinical program was closed in July 2007 and the data from all 129 patients enrolled in this protocol is being collected, audited and verified. Once the data is verified, data analysis and preparation of statistical and medical summary reports will begin. Together with the safety data that will be available from the Company's current study, a meta-analysis program is being undertaken. The meta-analysis will consolidate and statistically analyze data selected from several well-controlled clinical studies published in peer reviewed journals. The meta-analysis is being designed to compare and document the efficacy of Technegas against recognised comparators. The process of completing chemistry and other component parts of the NDA submission is also being undertaken.

The strength of the application rests on the findings of the Company's experts. Once the data has been collected, entered into a database, and the efficacy and safety data thoroughly analyzed, the findings will be integrated with the meta-analysis findings. The Company remains optimistic that the clinical findings will conclusively document a diagnostic advantage for Technegas (as it has in all other western and developed countries in the world) and this advantage will receive a positive recommendation from the FDA.

Managing Director's Review
Continued

Outlook

The Company will continue with the development of its Molecular Imaging business and construction works on one or more of its Pharmacies is placed to begin.

The strong sales trend for Generators in the first half is expected to continue in the second half and 2007 sales (revenue and units) are forecast to comfortably exceed that achieved in 2006. The shortfall in sales (revenue and units) of PAS in the first half is expected to be largely caught up in the second half. Overall sales of PAS (revenue and units) for 2007 are forecast to exceed that of 2006.

The sales product mix trend established in the first half of 2007 is likely to continue in the second half. This is likely to result in a gross margin of slightly more than 70% for the whole of 2007 (December 2006: 73%).

The Company expects several new regulatory approvals will be obtained in the second half of 2007 which will positively impact Generator and PAS sales. The positive effect of selling products into these markets is likely to be offset to some extent by lower than expected sales in the UK and several smaller European markets.

Overall the outlook for the Technegas business remains strong and sales and profit are forecast to exceed that of 2006.

John Sharman
Managing Director

Directors' Report

The Directors of Cyclopharm Limited ("Cyclopharm" or "Company") submit their report together with the financial report for Cyclopharm Limited and its controlled entities for the half year ended 30 June 2007.

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 J S Sharman	Managing Director
Mr D H Heaney	Non-Executive Director
Dr B C Salin	Non-Executive Director
Mr H G Townsing	Non-Executive Director

All directors with the exception of Mr John Sharman were elected by members at the Annual General Meeting on 8 May 2007. As Managing Director, the Constitution does not require that Mr John Sharman be elected by the members.

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.

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 $42,290 (2006: Profit after tax $868,033).

Shares issued during the year

Refer to discussion under the section headed Significant Changes in State of Affairs.

DIVIDENDS

No dividends were declared or paid during the half year ended 30 June 2007.

ON MARKET BUY-BACK

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Initial Public Offering and listing on the Australian Stock Exchange

On 11 January 2007, Cyclopharm completed its IPO raising $6,375,582 (after offer costs) issuing 23,394,949 new shares and welcomed 440 new shareholders. Cyclopharm was admitted to the official list of the Australian Securities Exchange on 18 January 2007. These monies were raised to part fund the balance of costs associated with the Company's application to the US Food & Drug Administration (FDA) to facilitate the sale of Technegas in the USA, to provide the working capital and to part fund capital investment required to establish three PET central pharmacies in Australia.

Cyclopharm has drawn $1.35 million against its existing $6.0 million facility with the National Australia Bank.

Directors' Report
Continued

Long Term Incentive Plan

At the Annual General Meeting held on 8 May 2007, shareholders approved the Company's Long Term Incentive Plan and the issue of shares to the Managing Director, Mr John Sharman. Refer to Note 10 Contributed Equity for further details on the accounting treatment of the shares issued under the Long Term Incentive Plan.

SIGNIFICANT EVENTS AFTER BALANCE DATE

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

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Commencement of Production Centre
Work continues toward finalising an agreement(s) to develop PET production centres to supply PET radiopharmaceuticals to the Australian market**.**

FDA

In July 2007, we agreed to close our database of 129 patients and prepare our application for submission. Together with the safety data that will be available from our current study, Dr Wolfangel and Certus International are overseeing a literature study designed to provide evidence of the efficacy of Technegas against a "gold standard" already approved for sale in the United States. They have also begun the process to complete the chemistry and other component parts of our submission.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Dated at Melbourne this 27th day of August 2007.

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

John Sharman
Managing Director

Russell Bedford
New South Wales

Level 42, Suncorp Place
259 George Street
Sydney NSW 2000
Australia

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F: +61 2 9032 3058
E: mail@russellbedfordnsw.com.au
W: www.russellbedford.com.au

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

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

TO THE DIRECTORS OF CYCLOPHARM LIMITED

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2007 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, 27 August 2007

Income Statement

for the half year ended 30 June 2007

		CONSOLIDATED	
		30 June 2007	30 June 2006
	Notes	$	$
CONTINUING OPERATIONS			
Sales revenue	4	4,790,891	4,357,423
Cost of sales	4a	(1,382,632)	(1,045,817)
Gross Profit		**3,408,259**	**3,311,606**
Finance revenue		79,385	4,219
Employee benefits expense		(1,540,899)	(1,139,192)
Advertising and promotion expense		(67,835)	(59,265)
Depreciation and amortisation expense	4c	(137,034)	(108,920)
Freight and duty expense		(211,926)	(102,957)
Research and development expense	4d	(13,286)	(61,203)
Administration expense		(1,241,319)	(823,363)
Other expenses		(125,978)	(40,541)
Profit before tax and finance costs		**149,367**	**980,384**
Finance costs	4b	(119,221)	(25,694)
Profit before income tax		**30,146**	**954,690**
Income tax expense	5	(72,436)	(86,657)
Net profit / (loss) attributable to members of the parent		**(42,290)**	**868,033**
Earnings per share (cents per share)	6	**cents**	**cents**
-basic earnings per share for continuing operations		(0.03)	0.81
-basic earnings per share for discontinued operations		-	-
-basic earnings per share		(0.03)	0.81
-diluted earnings per share		(0.03)	0.81

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

Balance Sheet

as at 30 June 2007

	Notes	CONSOLIDATED 30 June 2007 $	31 December 2006 $
Assets			
Current Assets			
Cash and cash equivalents	7	1,228,607	1,403,328
Trade and other receivables		2,636,139	3,593,728
Inventories		2,297,488	2,013,488
Other assets		-	-
Total Current Assets		**6,162,234**	**7,010,544**
Non-current Assets			
Trade and other receivables		737,760	145,830
Property, plant and equipment		861,629	847,235
Intangible assets	8	1,326,899	1,057,743
Deferred tax assets		245,529	144,894
Total Non-current Assets		**3,171,817**	**2,195,702**
Total Assets		**9,334,051**	**9,206,246**
Liabilities			
Current Liabilities			
Trade and other payables		1,088,324	2,647,223
Interest bearing loans and borrowings	9	1,350,000	1,346,893
Provisions		379,458	228,697
Tax liabilities		92,924	197,745
Total Current Liabilities		**2,910,706**	**4,420,558**
Non-current Liabilities			
Interest bearing loans and borrowings	9	-	4,975,000
Provisions		33,755	120,769
Deferred tax liabilities		339,991	255,979
Total Non-current Liabilities		**373,746**	**5,351,748**
Total Liabilities		**3,284,452**	**9,772,306**
Net Assets / (Liabilities)		**6,049,599**	**(566,060)**
Equity			
Contributed equity	10	7,924,793	1,237,703
Foreign currency translation reserve		(460,174)	(431,033)
Accumulated losses		(1,415,020)	(1,372,730)
Total Equity		**6,049,599**	**(566,060)**

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

Cash Flow Statement

for the half year ended 30 June 2007

	Notes	CONSOLIDATED 30 June 2007 $	30 June 2006 $
Operating activities			
Receipts from customers		5,748,483	4,395,753
Payments to suppliers and employees		(5,260,962)	(3,553,112)
Interest received		64,157	3,545
Borrowing costs paid		(119,221)	-
Income tax paid		(193,880)	(30,693)
Net cash flows from operating activities	7	**238,577**	**815,493**
Investing activities			
Purchase of property, plant and equipment		(132,863)	(13,233)
Payments for deferred expenditure		(289,110)	(65,805)
Payments for research and development		-	(40,752)
Other		-	800
Net cash flows used in investing activities		**(421,973)**	**(118,990)**
Financing activities			
Proceeds from issue of shares		7,018,484	-
Costs of raising capital		(330,006)	-
Net Repayment of borrowings		(4,350,000)	-
Loans from related entities		-	209,740
Repayment of loan from related entity		(1,708,730)	(530,909)
Loans to external entities		(591,930)	-
Net cash flows from / (used in) financing activities		**37,818**	**(321,169)**
Net (decrease) / increase in cash and cash equivalents		**(145,578)**	**375,334**
Cash and cash equivalents			
- at beginning of the period	7	**1,403,328**	**152,552**
- net foreign exchange differences from translation of cash and cash equivalents		(29,143)	12,936
- at end of the period	7	**1,228,607**	**540,822**

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

Statement of Changes in Equity

for the half year ended 30 June 2007

CONSOLIDATED	Share capital $	Other Contributed Equity $	Total Contributed Equity $	Accumulated Losses $	Foreign Currency Translation Reserve $	Attributable to Equity Holders of the Parent $	Minority Interests $	Total $
Balance at 1 January 2006	**6,515,030**	**(5,277,327)**	**1,237,703**	**(2,690,315)**	**(624,412)**	**(2,077,024)**	**(66,816)**	**(2,143,840)**
Currency translation difference	-	-	-	-	137,193	137,193	-	137,193
Total income (expense) for the half year recognised directly in	-	-	-	-	137,193	137,193	-	137,193
Profit for the half year	-	-	-	868,033	-	868,033	-	868,033
Total income (expense) for the half year	**-**	**-**	**-**	**868,033**	**137,193**	**1,005,226**	**-**	**1,005,226**
Minority interest in share capital	-	-	-	-	-	-	-	-
Equity dividend	-	-	-	(694,460)	-	(694,460)	-	(694,460)
Other contributed equity on transfer of current tax liability to ultimate parent	-	(2,957)	(2,957)	-	-	(2,957)	-	(2,957)
Acquisition of minority interest in controlled entities	-	(6,519,849)	(6,519,849)	-	-	(6,519,849)	66,816	(6,453,033)
Balance at 30 June 2006	**6,515,030**	**(11,800,133)**	**(5,285,103)**	**(2,516,742)**	**(487,219)**	**(8,289,064)**	**-**	**(8,289,064)**
Balance at 1 January 2007	**6,515,030**	**(5,277,327)**	**1,237,703**	**(1,372,730)**	**(431,033)**	**(566,060)**	**-**	**(566,060)**
Currency translation difference	-	-	-	-	(29,141)	(29,141)	-	(29,141)
Total income (expense) for the half year recognised directly in	-	-	-	-	(29,141)	(29,141)	-	(29,141)
Loss for the half year	-	-	-	(42,290)	-	(42,290)	-	(42,290)
Total (expense) for the half year	**-**	**-**	**-**	**(42,290)**	**(29,141)**	**(71,431)**	**-**	**(71,431)**
Issue of share capital	7,018,484	-	7,018,484	-	-	7,018,484	-	7,018,484
Capital raising costs	(330,006)	-	(330,006)	-	-	(330,006)	-	(330,006)
Other	-	(1,388)	(1,388)		-	(1,388)	-	(1,388)
Balance at 30 June 2007	**13,203,508**	**(5,278,715)**	**7,924,793**	**(1,415,020)**	**(460,174)**	**6,049,599**	**-**	**6,049,599**

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 2007

1. CORPORATE INFORMATION

The Half Year financial report of Cyclopharm Limited ("Cyclopharm") for the half year ended 30 June 2007 was authorised for issue with a resolution of the directors on 27 August 2007.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

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

It is recommended that the Half Year financial report be read in conjunction with the annual report for the year ended 31 December 2006 and considered together with any public announcements made by Cyclopharm Limited during the half year ended 30 June 2007 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial report is presented in Australian dollars.

The accounting policies adopted are consistent with those in prior reporting periods.

Notes
Continued

3. SEGMENT REPORTING (continued)

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

	CONSOLIDATED			
For the period ended	**Technegas**	**Molecular Imaging**	**Unallocated**	**Total**
30 June 2006	**$**	**$**	**$**	**$**
Revenue				
Sales to external customers	4,357,423	-	-	4,357,423
Finance revenue	-	-	4,219	4,219
Total segment revenue	**4,357,423**	**-**	**4,219**	**4,361,642**
Result				
Profit before tax and finance cost	**976,165**	**-**	**4,219**	**980,384**
Finance costs	-	**-**	(25,694)	(25,694)
Profit before income tax	**976,165**	**-**	**(21,475)**	**954,690**

Notes
Continued

4. REVENUES AND EXPENSES

		CONSOLIDATED	
		30 June 2007	30 June 2006
	Notes	$	$
4. Revenue			
Sales revenue		**4,790,891**	**4,357,423**
a) Cost of sales			
Cost of materials and manufacturing		**1,382,632**	**1,045,817**
b) Finance costs			
Interest on loans from external parties		119,221	7,321
Interest on loans to related parties		-	18,373
Total finance costs		**119,221**	**25,694**
c) Depreciation and amortisation			
Leased plant & equipment		753	4,733
Plant and equipment		114,648	104,187
Leasehold improvements		3,067	-
Amortisation of intangibles		18,566	-
		137,034	**108,920**
d) Research & development			
Other		13,286	61,203
		13,286	**61,203**

Notes
Continued

5. INCOME TAX EXPENSE

	CONSOLIDATED	
	30 June 2007	**30 June 2006**
	$	**$**
Current income tax income (expense)	(157,268)	(43,305)
Deferred tax income (expense)	84,832	(43,352)
Income tax reported in income statement	**(72,436)**	**(86,657)**
A reconciliation of income tax income (expense) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:		
Accounting profit before income tax	**30,146**	**954,690**
Statutory income tax rate of 30%	(9,044)	(286,407)
Expenditure not allowable for income tax purposes	(644)	(639)
Share issue costs taken directly to equity	19,800	-
Effects of lower rates on overseas income	(148,223)	243,102
Tax expense offset against carry forward tax losses	-	-
Tax losses not recognised in foreign subsidiaries	65,675	(42,713)
Total income tax	**(72,436)**	**(86,657)**

Notes
Continued

6. NET TANGIBLE ASSETS AND EARNINGS PER SHARE

Net Tangible Assets per share

	CONSOLIDATED	
	30 June 2007	31 December 2006
	$	$
Net assets per share	0.05	(0.01)
Net tangible assets per share	0.04	(0.01)
	Number	Number
Weighted average number of ordinary shares for net assets per share	134,429,563	108,555,494

Earnings per share

	CONSOLIDATED	
	30 June 2007	30 June 2006
	$	$
Net profit attributable to equity holders from continuing operations	(42,290)	868,033
Loss attributable to equity holders from discontinued operations	-	-
Minority interest	-	-
Net profit attributable to equity holders of the parent	**(42,290)**	**868,033**
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	134,429,563	106,666,667

AASB 133 Earnings per share requires the weighted average number of ordinary shares be adjusted for events that change the number of ordinary shares on issue without a corresponding change in recognised resources for all periods presented. On 1 January 2006, the issued capital of Cyclopharm was converted from 10 shares to 106,666,667. The 30 June 2006 comparative year weighted average number of shares has been adjusted to reflect the conversion as if it had occurred at the beginning of the earliest period presented.

	cents	cents
- basic earnings per share for continuing operations	(0.03)	0.81
- basic earnings per share for discontinued operations	-	-
- basic earnings per share	(0.03)	0.81
- diluted earnings per share	(0.03)	0.81
Weighted average number of ordinary shares for basic earnings per share	134,429,563	106,666,667

Notes
Continued

7. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30 June 2007	**31 December 2006**
	$	**$**
Cash at bank and in hand	1,228,607	1,403,328
Total cash and cash equivalents	**1,228,607**	**1,403,328**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

The fair value of cash equivalents is $1,228,607 (2006:$1,403,328).

Reconciliation of Cash Flow Statement

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:		
Cash at bank and in hand	1,228,607	1,403,328
	1,228,607	**1,403,328**
(a) Reconciliation of net profit / (loss) after tax to net cash flows from operations	**30 June 2007**	**30 June 2006**
Net profit / (loss) after tax	(42,290)	868,033
Adjustments for non-cash income and expense items:		
Depreciation	117,715	104,187
Amortisation	19,319	4,733
Movement provision for doubtful debts	(19,878)	2,597
Movement provision for employee benefits	48,537	39,171
Movement in other provisions	-	15,000
	123,403	**1,033,721**
Increase/decrease in assets and liabilities:		
(Increase) / decrease in receivables	771,733	71,436
(Increase) / decrease in inventories	(284,000)	(328,267)
(Increase) / decrease in other assets	205,736	(118,670)
(Increase) / decrease in deferred tax assets	(100,635)	(59,033)
Increase / decrease in related party loans	(18)	(65,016)
Increase / (decrease) in creditors	(456,833)	165,069
Increase / (decrease) in current tax liabilities	(104,821)	109,661
Increase / (decrease) in deferred tax liabilities	84,012	6,592
Net cash from operating activities	**238,577**	**815,493**

Notes
Continued

8. INTANGIBLE ASSETS

CONSOLIDATED	Intellectual property $	Technegas Development $	FDA Development $	Software $	Total $
30 June 2007					
Cost value	61,599	254,160	894,333	135,373	1,345,465
Accumulated amortisation	(3,375)	(15,191)	-	-	(18,566)
Net carrying amount	**58,224**	**238,969**	**894,333**	**135,373**	**1,326,899**

The directors have concluded that the recoverable amount of the Technegas, FDA and Software development costs exceed carrying values.

9. INTEREST BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	30 June 2007 $	31 December 2006 $
Current		
Bank loan - secured	1,350,000	725,000
Related party loan - unsecured	-	621,893
Interest bearing loans and borrowings (current)	**1,350,000**	**1,346,893**
Non-current		
Bank loan - secured	-	4,975,000
Interest bearing loans and borrowings (non-current)	**-**	**4,975,000**
Total interest bearing loans and borrowings	**1,350,000**	**6,321,893**

Notes
Continued

10. CONTRIBUTED EQUITY

		CONSOLIDATED			
		30 June 2007	31 December 2006	30 June 2007	31 December 2006
	Notes	Number	Number	$	$
Issued and paid up capital					
Ordinary shares	(a)	138,712,616	112,317,667	13,203,508	6,515,030
Other contributed equity	(b)	-	-	(5,278,715)	(5,277,327)
Total issued and paid up capital		**138,712,616**	**112,317,667**	**7,924,793**	**1,237,703**
Ordinary shares					
(a) Issued and paid up capital					
Balance at the beinning of the period		112,317,667	10	6,515,030	5,132,627
Conversion of ordinary share capital in January 2006		-	106,666,657	-	-
Issue of 5,651,000 ordinary shares at $0.30 in September 2006		-	5,651,000	-	1,695,300
Capital raising costs		-	-	(330,006)	(312,897)
Issue of 23,394,949 ordinary shares at $0.30		23,394,949	-	7,018,484	-
Issue of 3,000,000 shares to directors / employees	(i)	3,000,000	-	-	-
Balance at end of period		**138,712,616**	**112,317,667**	**13,203,508**	**6,515,030**
(b) Other contributed equity					
Balance at the beginning of the period		-	-	(5,277,327)	1,294,724
Acquisition of minority interests in controlled entities		-	-	(1,388)	(6,572,051)
Balance at end of period		**-**	**-**	**(5,278,715)**	**(5,277,327)**

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. The total of costs relating to the allotment of 23,394,949 ordinary shares and listing of Cyclopharm on ASX Limited was $642,903.

Notes
Continued

10. CONTRIBUTED EQUITY (continued)

	CONSOLIDATED	
	30/06/2007 Number	30/06/2006 Number
(i) Long Term Incentive Plan Shares (not recognised)		
Balance at the beinning of the year	-	-
Shares issued to John Sharman	1,400,000	-
Shares issued to Nabil Morcos	1,000,000	-
Shares issued to other employees	600,000	-
Balance at end of year	**3,000,000**	**-**

At the Annual General Meeting held on 8 May 2007, shareholders approved the Company's Long Term Incentive Plan ("Plan") and the issue of shares under a non-recourse loan to the Managing Director, Mr John Sharman. On 29 June 2007, 3,000,000 new shares in the Cyclopharm were issued via non-recourse loans to key employees and the Managing Director under the Plan as follows:

Recipient	Number	Term
Mr John Sharman	1,400,000	2 years
Professor Nabil Morcos	1,000,000	3 years
Other employees	600,000	1,2 and 3 years
	3,000,000	

The International Financial Reporting Council have determined that where employee shares are issued under a non-recourse loan payment plan, the loan assets and the increment to share capital should not be recognised at grant date but rather, the transactions be treated as share options. Consequently the value of the discount which has been determined using a binomial pricing model will be charged to the income statement over the vesting period. Other increments to share capital will be recognized as the share loans are settled by the relevant employees.

11. COMMITMENTS AND CONTINGENCIES

There are no significant contingent assets and liabilities.

12. EVENTS AFTER THE BALANCE SHEET DATE

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

Directors' Declaration

In the opinion of the directors of Cyclopharm Limited:

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

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 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.

Dated at Melbourne this 27th day of August 2007.

Signed in accordance with a resolution of the directors:

John Sharman
Managing Director

Russell Bedford
New South Wales

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Sydney NSW 2000
Australia

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Independent Review Report to the members of Cyclopharm Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cyclopharm Limited and the entities it controlled during the half year, which comprises the condensed balance sheet as at 30 June 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility on the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2007 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 2007 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, 27 August 2007

General Information

Directors
Vanda Gould
Non-Executive Chairman

John Sharman
Managing Director

David Heaney
Non-Executive Director

Bernard Salin
Non-Executive Director

Henry Townsing
Non-Executive Director

Company Secretary
William Richardson

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Share Registry
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F: 02 9032 3088

Bankers
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Melbourne VIC 3000

Solicitors
Piper Alderman
Level 24, 385 Bourke Street
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Stock Exchange Listing
The ordinary shares of Cyclopharm Limited are listed on the Australian Stock Exchange Ltd (code: CYC).

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