Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2017

To	COMPANY ANNOUNCEMENTS		
Company	Australian Securities Exchange	No of Pages	41 incl. cover
Date	28 August 2017		
From	James McBrayer		
Subject	**Appendix 4D**		

Please see attached 30 June 2017 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 James McBrayer
Managing Director and Company Secretary
Cyclopharm Limited

Telephone (02) 9541 0411 or email: jmcbrayer@cyclopharm.com.au

Cyclopharm Limited
Appendix 4D - Half Year Report
For the half year ended 30 June 2017

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 2017	30 June 2016

The information contained in this report is to be read in conjunction with Cyclopharm Limited's 2016 Annual Report and any announcements to the market by Cyclopharm Limited during the half year ended 30 June 2017 and up until the date of this Appendix 4D.

2. Results for announcement to the market

2.1 Revenues from ordinary activities	Down 6%	to	6,056,944
2.2 Loss from ordinary activities after tax attributable to members	Down 603% (loss vs prior period profit)	to	(1,427,118)
2.3 Loss for the period attributable to members	Down 603% (loss vs prior period profit)	to	(1,427,118)

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	4 September 2017

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 2017 included:

- Group revenue of $6,064,569 (1H2016: $6,485,605),
- Net loss after tax of $1,427,118 (1H2016: NPAT $283,614),
- Technegas Division Underlying EBITDA[1] of $0.861 million (1H2016: $1.421 million), and
- Net cash balance of $10.62 million following successful capital raising of $6.59m net of costs.

Cyclopharm's consolidated financial results were impacted by $1.58 million of costs associated with the company's trials of Technegas to achieve US Food and Drug Administration (FDA) approval to enter the US market and Technegas clinical initiatives targeting to expand the use of the product of $99,797.

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)	2017	2016
CONSOLIDATED SALES	**6,057**	**6,457**
GROSS MARGIN	4,996	5,386
GROSS MARGIN % SALES	*82.5%*	*83.4%*
CONSOLIDATED EBITDA	**(1,023)**	**824**
ADD BACK:		
CPET / ULTRALUTE™ DIVISION EBITDA	242	202
OTHER NON-OPERATING EXPENSES*	59	(23)
FDA EXPENSES	1,583	418
TECHNEGAS UNDERLYING EBITDA	**861**	**1,421**

** Realised and unrealised foreign exchange gains and losses*

The Technegas division's result reflects a 7.4% increase in sales of TechnegasPlus generators offset by a 6.0% decrease in unit sales of PAS sets, related to the timing of bulk orders of PAS sets to France (200 sets vs 350 sets in prior corresponding period) and no sales of PAS sets to China. Following the Q4 2016 $1.3m Technegas seeding initiative in China, sales of PAS sets to that market are expected to resume in 2018. Excluding the French and Chinese markets, 1H2017 PAS sales volume increased 6% over the prior corresponding period.

Cyclopharm is undergoing final validation of its first commercial production batch of the Ultralute™ technology. 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. We are moving towards the commercial launch of the product, with material sales expected to be recorded in Europe in the second half of 2017.

Ultralute™ has generated strong international interest given its potential to bring significant cost savings and efficiencies in nuclear medicine. We are excited about the future of Ultralute™, which forms part of the platform for Cyclopharm's next stage of growth.

Cyclopharm's balance sheet strengthened during the half year, benefiting from a $6.59 million capital-raising completed on 30 June 2017. The group's net cash at the end of the period of $10.62 million, and future cashflows is sufficient to fund the company's current growth initiatives.

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

OUTLOOK

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

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

The company looks forward to introducing Technegas to the US market following the completion of the Phase 3 clinical trial program and anticipated approval by the FDA in late 2018. It also continues to actively pursue regulatory approvals to commence sales in other promising new markets such as Russia.

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

Cyclopharm continues to focus on moving towards commercial production of the exciting Ultralute™ technology while simultaneously entering into discussions with potential commercial partners. Global industry interest in Ultralute™ is strong and growing.

The directors expect the Molecular Imaging division, which houses the Cyclotron, to again record a nominal operating loss in the second half of 2017. Operating costs of approximately $25,000 per month will be incurred while the future of the facility is being determined. The company intendeds to continue utilising the Cyclotron facility at MUH to progress research and development activities until a longer-term use for the facility is determined, which may include its sale.

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

The directors and senior management continually review the organisation's readiness to ensure it has the appropriate level of managerial and governance expertise to deliver its strategic objectives. An example of Cyclopharm's preparedness can be seen in the new clinical expertise recently brought into the group to assist in the delivery of our growth objectives.

The company expects modest underlying sales and earnings growth in 2017 and to maintain a healthy capital position.

[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 2017	30 June 2016
Net Tangible Assets per security	$0.22	$0.18

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

An unfranked dividend of 0.5 cents per share was paid to shareholders on 10 April 2017 for the year ended 31 December 2016. The Directors have declared an unfranked interim dividend of 0.5 cents per share to be paid on 11 September 2017.

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 2017	30 June 2016
Macquarie Medical Imaging Pty Ltd	20%	20%

The share of the associate's loss for the period was $nil (2016: $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.