



## Cyclopharm's PET Nuclear Pharmacies

Project development for the Melbourne and Sydney sites are depicted below in relation to the critical steps required before PET drugs can be produced and sold.



### Melbourne - Lloyd Street, Kensington

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

Artist's impression



### Sydney - Macquarie University Private Hospital

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

Cyclopharm's facility is located within the Macquarie University Private Hospital

## Financial Results

We recorded a profit before tax and finance costs of \$482,285 (2007: 149,367) and net profit after tax of \$169,651 (2007: Net loss after tax was \$42,290). The improvement in profitability can be attributed to higher sales margins and a reduction in costs on the prior comparative period in 2007. Gross margins improved due to a shift in the sales mix (more Patient Administration Sets and fewer Technegas generators).

## Outlook

The US regulatory approval process for Technegas is expected to take around 1 year from October 2009. As the US market is very large we envisage significant financial benefits if approval is obtained. The Company will continue to focus on developing its Molecular Imaging business with FDG to be produced in the latter part of 2009.

We expect stronger sales revenue in the second half of 2008. We forecast full year profit to exceed that of 2007 due to higher margins on sales as a result of the mix products sold and the absence of certain non-recurring costs incurred in 2007. Whilst profit is expected to be higher, sales revenue is expected to be lower. Again this is a result of the mix of products sold.

Please do not hesitate to contact us if you have any queries. Please refer to our website: [www.cyclopharm.com.au](http://www.cyclopharm.com.au) for more information on the company.

Yours faithfully  
**Cyclopharm Limited**

James McBrayer  
Managing Director

**Cyclopharm Limited**  
**Half Year Report 2008 Extract**

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

**Consolidated Income Statement**  
for the half year ended 30 June 2008

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

The Income Statement is to be read in conjunction with the Half Year Report which is available on the Company's website [www.cyclopharm.com.au](http://www.cyclopharm.com.au).

**Consolidated Balance Sheet**  
as at 30 June 2008

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

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## Consolidated Cash Flow Statement for the half year ended 30 June 2008

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

The Cash Flow Statement is to be read in conjunction with Half Year Report which is available on the Company's website [www.cyclopharm.com.au](http://www.cyclopharm.com.au).