Appendix 4D

CathRx Limited
Half Year Ended 31 December 2011
ABN: 23 089 310 421

Results for announcement to the market

Six months ended 31 Dec 2011 compared to six months ended 31 Dec 2010

Operating Results				$
Revenue from operations	Down	49%	to	143,101
Loss after income tax	Up	56%	to	6,999,921
Net loss attributable to members of CathRx	Up	56%	to	6,999,921

Dividends and Distributions

No dividends were paid or proposed during, or with respect to, the half year

Other Disclosures

Net tangible assets per share as at 31 December 2011	Down	75%	to	0.02
Net tangible assets per share as at 31 December 2010				0.08

The information should be read in conjunction with the 30 June 2011 Annual Report.

The commentary on the results for the period is contained in the Directors' Report.

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CATHRX LTD

ACN 089 310 421

Half-Year Financial Report 31 December 2011

Contents

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Directors

The names of the CathRx's directors in office during the half-year ended 31 December 2011 and until the date of this report are as set out below. Directors were in office for this entire period unless otherwise stated.

Denis Hanley (Executive Chairman)
Jeffrey Goodman
Jane Wilson
Colin Adam
Michael Hirshorn (passed away 18 November 2011)

Review and Results of Operations

CathRx's loss for the half-year ended 31 December 2011 was $6,999,921 compared to a loss of $4,494,692 for the corresponding half-year period ended 31 December 2010.

Throughout the period, CathRx continued to develop its range of innovative catheter devices for the re-processable devices market and endeavoured to secure a technology deal in relation to its re-processable catheter platform.

Revised Company Strategy

On 2 February 2012, the Company announced its revised strategy to become a catheter technology design house focused on the improvement of its product platform and the development of new innovative catheter technology. The Company will continue to seek to licence its products to regional licencees and has already begun discussions with three new prospective licencees in Asia and the US for their respective markets.

Furthermore, despite extensive negotiations, the Company has not yet been able to conclude a suitable licence agreement for Europe. Consequently, a broad program of cost reductions involving the internal restructuring of personnel totalling approximately $565,000 was implemented from 2 February 2012.

Change in Management

As part of the restructure, Mr Jeff Goodman stepped down as CEO on 2 February 2012, but remains a director of the Company, while Ms Amanda Wong will cease as CFO of CathRx following the release of the half yearly financial report.

Mr Denis Hanley will in the short term assume the roles of Executive Chairman and Chief executive Officer.

Auditor Independence Declaration

The Company has received an independence declaration from our auditors Ernst & Young. A copy of this declaration can be found on page 4 of this financial report.

Signed in accordance with a resolution of the directors of CathRx Ltd.

Denis Hanley
Director

Sydney, 22 February 2012

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Auditor's Independence Declaration to the Directors of CathRx Ltd

In relation to our review of the financial report of CathRx Ltd for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

C. M. Hosking

Colleen Hosking
Partner
22 February 2012

Statement of Comprehensive Income or Loss

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	*Half Year ended 31 Dec 2011* $	*Half Year ended 31 Dec 2010* $
Sale of goods	3	20,616	19,099
Revenue		20,616	19,099
Cost of sales		(23,482)	(60,290)
Gross Profit		(2,866)	(41,191)
Other revenue	4	122,485	261,070
Other income		-	160,907
Expenses			
Research and development	4	(5,230,341)	(3,131,441)
Sales and marketing		(323,156)	(338,849)
Administration costs	4	(1,566,043)	(1,405,188)
		(7,119,540)	(4,875,478)
Loss before income tax expense		(6,999,921)	(4,494,692)
Income tax expense		-	-
Net loss from continuing operations after income tax expense		(6,999,921)	(4,494,692)
Other comprehensive income, net of tax		-	-
Total comprehensive loss		(6,999,921)	(4,494,692)
Loss per share (cents per share)			
-Basic		(4.3) cents	(3.1) cents
-Diluted		(4.3) cents	(3.1) cents

The above Statement of Comprehensive Income or Loss should be read in conjunction with the accompanying notes.

Statement of Financial Position

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	*As at 31 Dec 2011* $	*As at 30 June 2011* $
ASSETS			
Current assets			
Cash and cash equivalents	5	2,929,191	4,758,761
Trade and other receivables	6	93,548	180,484
Inventories	4,7	105,881	982,235
Other		97,101	110,388
Total current assets		3,225,721	6,031,868
Non-current assets			
Property, plant and equipment	4,8	1,204,262	2,778,243
Intangible assets	4,9	254,443	618,739
Other assets		412,087	412,077
Total non-current assets		1,870,792	3,809,059
TOTAL ASSETS		5,096,513	9,840,927
LIABILITIES			
Current liabilities			
Trade and other payables		1,026,547	1,219,811
Provisions	4,10	591,552	149,000
Interest bearing liabilities		6,805	6,805
Total current liabilities		1,624,904	1,375,616
Non-current liabilities			
Interest bearing liabilities		7,148	10,441
Provisions		275,594	253,519
Total non-current liabilities		282,742	263,960
TOTAL LIABILITIES		1,907,646	1,639,576
NET ASSETS		3,188,867	8,201,351
EQUITY			
Contributed equity	13	61,361,456	59,429,233
Other reserves	13	2,424,204	2,368,990
Accumulated losses		(60,596,793)	(53,596,872)
TOTAL EQUITY		3,188,867	8,201,351

The above statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	*Half Year ended 31 Dec 2011* $	*Half Year ended 31 Dec 2010* $
Cash flows from operating activities			
Receipts from customers		20,616	169,793
Payments to suppliers and employees (inclusive of GST)		(3,851,433)	(3,814,071)
Receipt of government grants		-	160,907
Interest received & other income		137,460	258,044
Net cash flows used in operating activities		(3,693,357)	(3,225,327)
Cash flows from investing activities			
Purchase of property, plant and equipment		(65,143)	(114,390)
Net cash flows used in investing activities		(65,143)	(114,390)
Cash flows from financing activities			
Payment of finance lease liabilities		(3,293)	(9,449)
Proceeds from issue of shares		2,046,883	218,112
Cost of issue of shares		(114,660)	-
Net cash flows from financing activities		1,928,930	208,663
Net increase/(decrease) in cash and cash equivalents		(1,829,570)	(3,131,054)
Cash and cash equivalents at beginning of period		4,758,761	11,446,145
Cash and cash equivalents at end of period	5	2,929,191	8,315,091

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Contributed Equity	*Accumulated Losses*	*Other Reserves*	*Total*
	$	*$*	*$*	*$*
At 1 July 2011	59,429,233	(53,596,872)	2,368,990	8,201,351
Loss for the period	-	(6,999,921)	-	(6,999,921)
Other Comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(6,999,921)	-	(6,999,921)
Equity Transactions:				
Cost of share-based payments	-	-	55,214	55,214
Proceeds from issue of shares	2,046,883	-	-	2,046,883
Cost of issue of shares	(114,660)	-	-	(114,660)
At 31 December 2011	61,361,456	(60,596,793)	2,424,204	3,188,867
At 1 July 2010	59,211,122	(44,648,894)	2,092,590	16,654,818
Loss for the period	-	(4,494,692)	-	(4,494,692)
Other Comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(4,494,692)	-	(4,494,692)
Equity Transactions:				
Cost of share-based payments	-	-	221,927	221,927
Proceeds from issue of shares	169,840	-	-	169,840
Exercise of options	48,271	-	-	48,271
At 31 December 2010	59,429,233	(49,143,586)	2,314,517	12,600,164

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1 Corporate Information

The financial report of CathRx Ltd (the Company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 22 February 2012. CathRx Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in note 3.

2 Summary of Significant Accounting Policies

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 entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of CathRx Ltd as at 30 June 2011.

Except as set out in note 2(b) below, the accounting policies and methods of computation are the same as those adopted in the most recent financial report.

It is also recommended that the half-year financial report be considered together with any public announcements made by CathRx Ltd during the half- year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

(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*, Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. The half-year financial report is presented in Australian dollars and has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) New Accounting Standards and Interpretations

New or revised standards and interpretations applicable for the years commencing 1 July 2011 have been reviewed, and it was determined that changes were not required to the existing accounting policies adopted by the Company.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

2 Summary of Significant Accounting Policies continued

(c) Going concern

The Company has continued to incur losses and net cash outflows from operating activities as disclosed in the Statement of Comprehensive Income or Loss and the Statement of Cash Flows, respectively. The Company announced a restructure of operations on 2 February 2012 to become a technology design house and to significantly reduce operating costs to enable it to continue operating and continue the negotiations for a commercial agreement.

The ability of the Company to continue as a going concern is contingent upon the Company successfully entering into at least one definitive commercial agreement and fulfilling the terms of that agreement and/or securing sufficient funding.

If the Company is unable to enter into a definitive agreement for the license of its technology and/or is unable to secure sufficient funding, the Company may be unable to continue as a going concern. A number of adjustments have been made relating to the recoverability and classification of recorded asset amounts to reflect the restructure announced on 2 February 2012.

(d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed which is usually at time of dispatch from the Company or free on board for certain sales.

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

3 Segment Information

Operating segments

The Company is an Australian company listed on the Australian Securities Exchange (ASX code: CXD) and manufactures and develops its cardiac catheters at Homebush Bay in NSW, where all of its non-current assets are located.

Based upon the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources, the Company has identified its operating segments. Management has identified that the Company has one operating segment which is defined by the products sold to its distributors.

The Company's operating and reportable segments are the same. Related financial information is reported to the Chief Executive Officer on at least a monthly basis. Total segment revenue, net loss, assets and liabilities are the same as that disclosed in the financial report.

For the half year ended 31 December 2011, the two largest distributors account for 88% and 12% respectively of total external revenue. Revenue is attributed to geographic location as follows:

	Half year ended 31 Dec 2011 $	*Half year ended 31 Dec 2010 $*
Europe	20,616	(203)
Other foreign locations	-	19,302
Total revenue	20,616	19,099

4 Revenue, Income and Expenses

	Half year ended 31 Dec 2011 $	*Half year ended 31 Dec 2010 $*
Revenue, Income and Expenses		
(i) Other revenue and other income		
Finance revenue (interest income)	89,465	250,706
Government grants income	-	160,907
Rental income	33,020	10,364
	122,485	421,977
(ii) Expenses		
Amortisation	101,566	100,681
Depreciation	384,765	526,401
Employee benefits	1,848,804	2,110,232
Expense of share-based payments	55,214	221,927
Write-down of inventory*	752,192	-
Impairment expense**	1,504,683	-
Unfavourable contract expense***	442,552	75,000

*Please also refer to Note 7 on page 12.
**Please also refer to Notes 8 and 9 on page 12.
***Please also refer to Note 10 on page 13.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

5 Cash and Cash Equivalents

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	As at 31 Dec 2011 $	*As at 30 Jun 2011 $*
Cash at bank and in hand	580,863	363,917
Short-term deposits	2,348,328	4,394,844
	2,929,191	4,758,761

6 Trade and Other Receivables

	As at 31 Dec 2011 $	*As at 30 Jun 2011 $*
Trade receivables	16,348	92,576
Goods and services tax	67,294	78,002
Other	9,906	9,906
	93,548	180,484

7 Current Assets - Inventories

As result of the Company's pursuit of the reprocessing market and continued development of fully reprocessable cardiac catheters, the Company wrote down $752,192 of inventories. The expense is included as a Research and Development expense in the Statement of Comprehensive Income or Loss.

Please also refer to Note 4 on page 11.

8 Non-Current Assets – Property, Plant and Equipment

In refining the Company's business strategy, the Company has identified and reviewed the value of two of its non-current assets – see also Note 9 below. The value of the Company's property, plant and equipment has been reduced by $1,241,953 to reflect the impairment of the Company's cleanroom. This amount has been included as a Research and Development expense in the Statement of Comprehensive Income.

Please also refer to Note 4 on page 11.

9 Non-Current Assets – Intangible Assets

As referred to in Note 8 above, in refining the Company's business strategy, the Company's intangible assets have been impaired by $262,730 which has been included as a Research and Development expense in the Statement of Comprehensive Income.

Please also refer to Note 4 on page 11.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

10 Current Liabilities - Provisions

In refining the Company's business strategy, a review has been performed on exiting lease arrangements and a liability has been recognised to reflect the excess and unutilized space over the life of the Company's lease of its premises. The amount has also been included in Administration Costs in the Statement of Comprehensive Income.

Please also refer to Note 4 on page 11.

11 Dividends Paid and Proposed

No dividends were paid or proposed during the half year ended 31 December 2011 or the half year ended 31 December 2010.

12 Share Based Payment Plans / Transactions

The Company adopted the Employee Option Plan in 2003 which was amended in 2005. Pursuant to the Employee Option Plan the Company may, at the discretion of the Board or a committee appointed by the Board to administer the Employee Option Plan, grant options to purchase ordinary shares, to directors, employees, advisors and consultants of the Company. The options are issued for a term stated in the notice of grant of options for a period not exceeding 10 years from the date of the grant. The options cannot be transferred and will not be quoted on the Australian Securities Exchange. Vesting requirements are set out in the notice of grant of options and are determined at the discretion of the Board or a committee appointed by the Board. Employee options typically vest on 31 December each year, over 3 years, with the first tranche typically vesting in December of the year of grant, and the second tranche and third tranche vesting in December of the second and third year after grant, respectively. The exercise price is based on the five day average of the share price up to the date of the grant.

The following table illustrates the number and weighted average exercise prices (WAEP) and movements in share options issued during the half-year:

	Half-year to Dec-11 No.	*Half-year to Dec-11 WAEP ($)*	*Year to Jun-11 No.*	*Year to Jun-11 WAEP ($)*
Outstanding at the beginning of the period	5,611,700	0.47	5,554,350	0.62
Options granted during the period	-	-	2,320,000	0.18
Options exercised during the period	-	-	(497,640)	(0.10)
Options forfeited during the period	(91,667)	(0.46)	(1,765,010)	(0.42)
Outstanding at the end of the period	5,520,033	0.41	5,611,700	0.47

The following table lists the inputs to the model used for the half year ended 31 December.

	2011	*2010*
Dividend yield (%)	0.00	0.00
Expected volatility (%)	57.00	57.00
Risk-free interest rate (%)	4.25	4.95
Expected life of option (years)	6.00	6.00
Option exercise price ($)	-	0.18

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

13 Contributed Equity

	As at 31 Dec 2011 $	*As at 30 Jun 2011 $*
Ordinary shares issued and fully paid	61,361,456	59,429,233
Other reserves	2,424,204	2,368,990
	63,785,660	61,798,223

Movement in ordinary shares on issue

	$
At 1 July 2011	59,429,233
Proceeds from issue of shares	2,046,883
Cost of issue of shares	(114,660)
At 31 December 2011	61,361,456

Movement in other reserves

	$
At 1 July 2011	2,368,990
Cost of share based payments	55,214
At 31 December 2011	2,424,204

Movement in ordinary shares on issue

	No.
At 1 July 2011	143,279,920
Issue of ordinary shares	20,468,825
At 31 December 2011	163,748,745

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

14 Commitments and Contingencies

The company has entered into a lease agreement for the lease of its premises. The lease agreement has a remaining term of up to six years (from the end of the half year ended 31 December 2011). In addition, outgoings may also be payable.

The future minimum commitments payable under the non-cancellable lease agreement as at 31 December are as follows:

	2011 $	*2010* $
Within one year	637,710	639,854
After one year but not more than five years	2,523,513	2,532,155
More than five years	629,068	1,258,135
	3,790,291	4,430,144

15 Events Occurring After the Balance Date

Revised Company Strategy

On 2 February 2012, the Company announced its revised strategy to become a catheter technology design house focused on the improvement of its product platform and the development of new innovative catheter technology. The Company will continue to seek to licence its products to regional licencees and has already begun discussions with three new prospective licencees in Asia and the US for their respective markets.

Furthermore, despite extensive negotiations, the Company has not yet been able to conclude a suitable licence agreement for Europe. Consequently, a broad program of cost reductions involving the internal restructuring of personnel totalling approximately $565,000 was implemented from 2 February 2012.

Change in Management

As part of the restructure, Mr Jeff Goodman stepped down as CEO on 2 February 2012, but remains a director of the Company, while Ms Amanda Wong will cease as CFO of CathRx following the release of the half yearly financial report.

Mr Denis Hanley will in the short term assume the roles of Executive Chairman and Chief executive Officer.

Directors' Declaration

In accordance with a resolution of the directors of CathRx Limited, I state that:

1. In the opinion of the directors:

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

   (i) Giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.

   (ii) Complying with Australian Accounting Standards AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

   (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.

On behalf of the Board

Denis Hanley
Director

Sydney, 22 February 2012

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To the members of CathRx Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CathRx Ltd, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 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 31 December 2011 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 CathRx Ltd, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 CathRx Ltd is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2(c) in the half-year financial report, which indicates that 'the company has incurred losses and net cash outflows from operating activities as disclosed in the Statement of Comprehensive Income or Loss and the Statement of Cash Flows, respectively' and that 'if the Company is unable to enter into a definitive agreement for the license of its technology and/or is unable to secure sufficient funding, the company may be unable to continue as a going concern'. As a result of these matters, there is significant uncertainty whether the company will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Ernst & Young

Ernst & Young

C. M. Hosking

Colleen Hosking
Partner
Sydney
22 February 2012