



cyclomedica
molecularimaging
technegas

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The Manager
Company Announcements Office
Australian Securities Exchange Limited
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Chairman's Address

Introduction

Thank you for joining us for today's Annual General Meeting of the shareholders of Cyclopharm Limited. I am Vanda Gould and, as Chairman, I **declare that a quorum is present** in accordance with the Constitution. Accordingly I declare the Meeting open.

I have pleasure in introducing my fellow directors David Heaney and our Managing Director and CEO, James McBrayer.

I also welcome Professor Nabil Morcos, Cyclopharm's Chief Operating Officer and Mr Malcolm Beard of Russell Bedford, the Company's Auditor.

Please note the following documents are tabled and are available for review:

- the Notice of Annual General Meeting,
- Financial Statements,
- Independent Auditor's Report,
- Directors' Report,
- Members' minute book,
- Company's Constitution and
- Shareholders' Register.

In my address today I will provide an overview of the progress Cyclopharm made during 2012, some more recent achievements and, importantly, comment briefly on the Company's prospects for the current year.

2012 Performance

I highlighted in our Annual Report that Cyclopharm experienced mixed financial results during the 2012 year, despite significant positive operational progress.

The Company's 2012 net loss before tax was \$1.0 million, a slight improvement on the result in 2011. This loss was driven by a net loss of \$2.1 million from our Molecular Imaging business, Cyclopet, which continues to be adversely impacted by

the unfair actions of a government statutory authority and its associated business enterprise.

However our main operating division, Technegas, reported a 2012 net profit before tax of \$1.1 million from sales of \$9.4 million, despite having to weather the impact of the high Australian dollar.

The group's loss, while disappointing, can be largely attributed to the difficulties faced by Cyclopet. Cyclopet continues to be adversely impacted by the anti-competitive actions of the Commonwealth Government-owned ANSTO subsidiary, Petnet Australia, in relation to a tender to supply NSW Health. We consider that the tender was submitted on unfair terms.

Through the efforts of our management team, and in particular our Managing Director, Mr McBrayer, in early 2012 we highlighted with the Productivity Commission the inequitable features of PetNet's tender. The Commission subsequently issued a report endorsing our claims against Petnet. However, the Productivity Commission's lack of enforcement powers meant that, despite their findings, Cyclopharm has had no option but to bring an action against Petnet in the Federal Court. The matter is ongoing and we remain confident that we will achieve a favourable judicial outcome.

Cyclopharm's sales in 2012 were also influenced by the global macroeconomic landscape. The well-known issues that affected the European economy in 2012 are reflected in Cyclopharm's 5.3% decrease in sales to that region.

Moreover, the rapid increase in the Australian dollar had a negative impact on domestic exporters and, in particular for Cyclopharm, reduced the profitability of our Technegas division. The Board believes that in these circumstances an annual profit of \$1.1 million before tax for Technegas was a reasonable result and a testament to the global strength of the business. We are confident that sales growth in Asia and the operational enhancements that we have in place in Europe will continue to drive Technegas volumes higher into 2013.

Recent Achievements

Indeed, Cyclopharm's subdued financial performance in 2012 has somewhat overshadowed our more recent achievements.

In November 2012 we commenced our Phase 3 Clinical Trial at Columbia Presbyterian in New York. This was a major milestone for Cyclopharm and the culmination of nearly two decades of hard work.

The United States represents 50% of the nuclear medicine departments in the world and penetration into this market is expected to more than double global demand for Technegas. We are confident that by 2015 we will have a commercial presence in the United States and will be able to replicate in that huge market the business growth we have achieved in Canada.

In April this year we made a very significant and exciting announcement to the ASX. This was the Company's development of a unique proprietary patented technology, Ultralute, which extends the useful life of the world's most common nuclear medicine radioisotope by up to 50%.

And in early May we announced that new research has demonstrated Technegas may be effective in the diagnosis and management of Chronic Obstructive Pulmonary Disease by detecting early changes to the lungs, often caused by cigarette smoke, ahead of traditional CT scans.

I will let James speak in more detail about the Ultralute technology and the growth potential for Technegas, but the Board believes that these developments will provide strong growth opportunities for Cyclopharm and have the potential to significantly improve health outcomes for the community.

An achievement that must not be overlooked in my report on 2012 is the strong results from our involvement in Macquarie Medical Imaging. Recent growth experienced at the Macquarie University Hospital suggests that MMI has started to show the promise we anticipated when the investment was undertaken in 2010.

Conclusion

Before I conclude my address, I would like to thank our management and staff – led by Mr James McBrayer. Their persistence and commitment to delivering on the Company's objectives has been exemplary.

We also thank our shareholders, business partners and customers for their support. James McBrayer will now provide more detail on the operational highlights of 2012 and on our current growth projects and outlook for 2013.

Vanda Gould
Chairman

Background

Cyclopharm Limited

Cyclopharm is a radiopharmaceutical company servicing the medical global medical community. The Company's mission is to enable nuclear medicine and other clinicians with the ability to improve patient care outcomes.

Cyclopharm achieves this objective through the provision of radiopharmaceutical products, Technegas (for lung imaging) and Molecular Imaging / PET radiopharmaceuticals (used in cancer, brain and cardiac imaging). Our customers are nuclear medicine departments located within hospitals and clinics.

Technegas

The Technegas technology is a structured ultra-fine dispersion of radioactive labeled carbon, produced by using dried Technetium-99m in a carbon crucible, micro furnace for a few seconds at around 2,500°C. The resultant gaseous substance is inhaled by the patient (lung ventilation) via a breathing apparatus, which then allows multiple views and tomography imaging under a gamma or single photon emission computed tomography (SPECT) camera for the superior diagnosis of pulmonary emboli (blood clots in the lungs).

Positron Emission Tomography (PET)

PET radiopharmaceuticals target specific tissues / organs, concentrate there, and the attached radioisotope emits radiation, which is then detected by a PET or PET / CT gamma (collectively PET camera). These imaging modalities help physicians improve their ability to detect and determine the location, extent and stage of cancer, neurological disorders and cardiac disease. By improving diagnosis, PET scans aid physicians in selecting better courses of treatment, as well as assessing whether treatment is effective or should be changed.

Macquarie University Hospital and the Macquarie University School of Advanced Medicine

Macquarie University Hospital is a major medical precinct within the Macquarie University Research Park to complement the Allied Health teaching services offered by Macquarie University.

The Macquarie University Hospital is a state of the art facility that delivers health education and research on site.

Macquarie Medical Imaging

Cyclopharm formed a joint venture with Alfred Health Solutions and Macquarie University Hospital to provide all imaging services on-site at the hospital. The new venture named Macquarie Medical Imaging ("MMI") represents a rare strategic opportunity to provide a fully aligned and integrated diagnostic, therapeutic and research platform. MMI offers a range of diagnostic radiology, interventional radiology, nuclear medicine and molecular imaging services for inpatient and outpatients.

The combination of state of the art imaging equipment, a GE cyclotron located on the grounds of MUH, leading surgeons, clinicians and academics will ensure that MMI will become the leading centre of imaging excellence.