



cyclomedica
molecularimaging
technegas

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Chairman's Address

Welcome to the Annual General Meeting of the shareholders of Cyclopharm Limited.

I, Vanda Gould, as Chairman, **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 Mr David Heaney, and the Managing Director Mr James McBrayer.

I also welcome Professor Nabil Morcos, Cyclopharm's Chief Operating Officer and Mr Wali Aziz 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 has made during the past year in developing and commercialising its technologies; our strategies to deliver on the prospects of the company; and, importantly, an update of the company's corporate governance.

2011 Performance

As I outlined in our Annual Report, during 2011 Cyclopharm experienced a difficult trading environment which overshadowed a number of significant operational achievements.

Despite increasing sales by approximately 9% to 10.3 million, the group reported a net loss after tax of \$956,000.

This result, while disappointing, was driven by losses suffered by our newly-formed Molecular Imaging group, Cyclopet, which entered the commercialisation phase in 2011. During its first year of commercial operations, Cyclopet suffered from the actions of the Federal Government owned ANSTO subsidiary PetNet Pty Ltd which was recently found by the Productivity Commission to have breached competitive neutrality Guidelines in its successful tender for the supply to New South Wales Health of radio-pharmaceuticals. Your Managing Director James McBrayer will provide more information regarding that matter in his address.

However, after excluding the financial performance of Cyclopet, the group's profit before tax was stable when compared to the prior year, at approximately \$1.6 million.

This result reflects the consistent, solid financial performance of our Technegas division. This division promises an exciting future, with new product enhancements to be rolled out in 2012 and the achievement of the major milestone in December 2011 of United States FDA endorsement of our Phase 3 clinical trials. Currently, Technegas is sold in every major international market except the US, which encompasses more than 50% of the world's nuclear medicine departments. Since 2006, Technegas has helped diagnose, without adverse side effects, more than 2.6 million patients suspected of having the life-threatening condition, Pulmonary Embolism (PE). Following successful completion of these US Phase 3 trials we are hopeful of more than doubling the sales of Technegas by 2015.

As I'm sure you are all aware, we have a 20% equity interest in Macquarie Medical Imaging which is located within this hospital. MMI provides patients with access to state-of-the-art diagnostic imaging and radiology services. During the year, MMI has made significant progress in its development and importantly for Cyclopharm, has identified emerging opportunities in radio-pharmaceuticals. We believe these opportunities have the potential to deliver significant value over the medium term.

Corporate Governance

Your Board is committed to high standards of corporate governance and ethical business operations, including appropriate compliance with ASX and other industry governance standards. Ongoing improvements in industry governance standards continued to receive attention in our Company in areas such as executive remuneration, sustainability and share trading policies. If you have not already done so, I encourage you to read our corporate governance report on pages 25 to 35 of the Annual Report.

In 2011, Cyclopharm adopted a Diversity Policy, which seeks to achieve a balanced workforce over the long-term. Your Board recognises that a diverse and inclusive workforce is not only good for our employees but also good for our business. It helps the Group attract and retain talented people, enable more innovation and be more flexible and responsive to our customers' and shareholders' needs. Across the

Group, there is increasing momentum on diversity with a particular focus on gender and age, as well as greater work and career flexibility.

In recent months, two Directors of Cyclopharm have stepped down from the Board. In July 2011, Mr Alexander Sandy Beard has resigned as Non-Executive Director and in February this year, Mr John Sharman, Cyclopharm's former Managing Director, stepped down as a Director, both due to pressures of other commitments. I would like to thank both Sandy and John for their dedication and service to Cyclopharm in their time as Directors.

The Board is confident that, at the present time, it has the necessary mix of skills available to it. However, as part of the company's Board Renewal process, we will prudently consider the appointment of additional Directors, to bring fresh perspectives and skills on the Board at the appropriate time.

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, bankers and customers for their support.

Our Managing Director, James McBrayer, will now provide more detail on the operational highlights, the growth projects currently in train and the outlook for this current financial year.

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.