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The Manager
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CYCLOPHARM 2016 PRELIMINARY HEADLINE UPDATE - RECORD RESULTS

Radiopharmaceutical company Cyclopharm Limited (ASX: CYC) today advised that, based on unaudited management accounts for the 12 months to 31 December 2016, the company expects to report record sales revenue for the 2016 full year of \$14.4 million (2015: \$12.6 million), and Underlying EBITDA¹ of approximately \$3.4 million (2015:\$2.98 million).

Year ending 31 Dec 2016	Preliminary 2016 \$'000	Actual 2015 \$'000	Inc/(Dec) \$'000	% Change
Sales Revenue	14,386	12,583	1,803	14%
Gross Margin	11,182	10,108	1,074	11%
Gross Margin % Sales	77.7%	80.3%	(2.6%)	
Consolidated EBITDA	1,546	4,260	(2,714)	(64%)
Add Back:				
CPET / Ultralute Division	366	139	227	163%
Proceeds from Insurance Claim	0	(2,105)	(2,105)	(100%)
Relocation expenses*	428	0	428	100%
FDA Expenses	1,098	686	412	60%
Underlying EBITDA	3,438	2,980	458	15%

* Includes make good, moving costs and double rent associated with facility relocation from Lucas Heights to Kingsgrove NSW

The increase in full year revenues was driven by higher unit sales of both of Cyclopharm's key products:

- Technegas generators (up 95%) and
- Patient Administration Sets (PAS) kits (up 10%).

The significantly higher sales of Technegas generators included the company's single largest Technegas order consisting of 50 Technegas Generators and 250 boxes of PAS, valued at \$1.38 million. As announced to the ASX in June 2016, this order from its Chinese distributor was a seeding initiative, which is expected to provide a platform for significantly higher PAS kit sales in that market from 2018.

Excluding the benefit of the China order delivered in December 2016, FY2016 sales of Technegas generators and PAS kits exceeded the FY2015 record high result.

There was a small decline in gross margins in the period from 80% to 78% reflecting the change in sales mix towards Technegas generators in the second half of the year.

¹ Underlying EBITDA represents results from the Technegas division excluding one off items (Insurance/Litigation settlement and costs/lease termination and double rent period costs), and FDA Expenses.

During 2016, the company continued to invest in strategic initiatives and management capabilities to drive the next phase of its growth strategy. This included expenditure on its USFDA clinical trial program of \$1.1 million (2015: \$686,410), hiring additional senior operational executives to drive our clinical trial development programs, and ongoing refinement of the company's proprietary Ultralute™ technology. These additional costs are expected to accelerate realisation of the benefits of the company's strategic initiatives. In particular, Cyclopharm confirms it remains on track to record initial sales of Ultralute™ in the first half of 2017.

At year end, Cyclopharm held a net cash balance of \$4.6 million, reflecting the increased underlying earnings for the year, offset by payments for fit-out costs of the new facility, USFDA trial expenses and approximately \$0.4 million in additional costs associated with relocating to its new Kingsgrove (Sydney) facility. (Note: rental going forward \$0.36 million per year)

As previously advised, Cyclopharm incurred fit-out costs of the new facility totalling approximately \$1.4 million. These costs are in line with expectations and will be capitalised and amortised over a 10-year period.

Outlook

The Board expects ongoing growth in Cyclopharm's core business in 2017 as well as further progress in the development of the company's key growth opportunities.

Full details of the company's results will be included in Cyclopharm's 2016 Preliminary Results Announcement, which is expected to be released to the ASX in late February 2017.

For more information, please contact:

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Cyclopharm Limited

Cyclopharm is an ASX Listed radiopharmaceutical company servicing the global medical community. The Company's mission is to provide nuclear medicine and other clinicians with the ability to improve patient care outcomes. Cyclopharm achieves this objective primarily through the provision of its core radiopharmaceutical product, Technegas used in functional lung ventilation imaging.

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 furnaced for a few seconds at around 2,700o C. The resultant gas like 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 evaluating functional ventilation imaging. Historically used in the diagnosis of pulmonary embolism, Technegas, together with advancements in complementary technology to multimodality imaging and analytical software, is being used in other disease states to include COPD, asthma, pulmonary hypertension and certain interventional applications to include lobectomies in lung cancer and lung volume reduction surgery.

Ultralute™

Cyclopharm's patented nuclear medicine technology Ultralute™ extends the useful life of Molybdenum-99 (Mo-99) generators by up to 50%. This technology potentially gives nuclear medicine departments the ability to dramatically improve operating efficiencies and health outcomes for patients. Mo-99 generators are used in diagnostic imaging to harvest Technetium-99m, or Tc-99m, which is the primary isotope used in diagnostic imaging throughout the world. This isotope accounts for approximately 80% of all nuclear medicine diagnostic imaging procedures.