



11 May 2016

The Manager
Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Chairman's Address

Introduction

Good morning everyone.

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

I am pleased to introduce my fellow non-Executive Directors, David Heaney and our Managing Director and CEO James McBrayer.

Also with us today we have other key members of the Cyclopharm's global management team to include Professor Nabil Morcos, Lynn McLaughlin from Canada and Martin Lema from South America.

I also welcome Stephen Fisher of Russell Bedford, the Company's Auditor.

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

- Notice of the AGM
- Financial Statements
- Independent Auditor's Report
- Directors' Report
- Members' Minute Book
- Company's Constitution and
- Shareholders' Register

SLIDE – Introduction

Ladies and gentlemen,

It is a pleasure to introduce this meeting of Cyclopharm shareholders today. Your company is performing very well and achieved further important milestones in 2015. The patented nuclear medicine technologies we have developed are generating solid sales and offer promising opportunities for continued growth in shareholder returns.

In 2015 the Group reported net profit after tax of \$4.79 million, up 17.7%, on record sales as the Technegas business continued to grow revenue and make inroads into new markets. Over nearly three decades, more than 3.5 million patients have



benefited from the use of the Technegas system, which is primarily used to diagnose bloods clots in the lungs.

Your board was also pleased to be able to reward shareholders in 2015 with the company's first ever annual dividend of 1c a share, fully franked. This was a careful, considered decision and reflects the sustainable earnings we are now producing and our confidence that these will grow into the future.

Cyclopharm is in a strong cash position as a result of healthy sales and the proceeds from the insurance settlement on the Cyclotron facility at the Macquarie University Hospital Complex. The greater than \$6 million cash we had on hand, as at the end of 2015, gives us flexibility and allows us to fund profitable growth into the future.

Recognition by investors of the intrinsic value and potential of Cyclopharm is growing, and in this vein, it is encouraging to see interest build in the investment community with new institutions joining our register. Their support validates our strategy and we appreciate their endorsement.

James will review last year's financial performance in more detail shortly.

SLIDE – 2015 Achievements

2015 was a year of significant progress and achievement for your company.

We made major progress in expanding the potential uses of Technegas for the diagnosis and management of chronic diseases.

While Technegas is a proven, widely accepted product across the globe, many important clinical opportunities remain for this unique nuclear medicine technology. Diagnosis and management of COPD¹ is a key focus for us, and early results received in 2015 from clinical trials we are running in China for this indication have been very positive.

Advancing approval of Technegas in the United States market also remains a key goal. The US has the potential to be the largest single market for Technegas. In September 2015 the company signed a Term Sheet with Jubilant Draximage for the co-funding and development of phase III clinical trials in that country. Yesterday we announced that despite several months of negotiations the two companies have not been able to reach agreement on the final terms. As a result, Cyclopharm has notified JDI of its decision to move forward with its USFDA clinical trial program independently at this time. The two companies have agreed to continue to discuss potential commercial opportunities once USFDA approval for Technegas is reached.

In October, we introduced patented technology UltraluteTM, in Europe. Ultralute significantly extends the useful life of the most commonly used medical isotope worldwide and we are very excited about its potential. First sales are expected later this year.

Cyclopharm's medical imaging joint venture, Macquarie Medical Imaging (or MMI) located on site at Macquarie University Hospital, also grew revenue in 2015,

¹ COPD – Chronic Obstructive Pulmonary Disease is a lung disease characterized by chronic obstruction of lung airflow that interferes with normal breathing and is not fully reversible. The more familiar terms 'chronic bronchitis' and 'emphysema' are no longer used, but are now included within the COPD diagnosis



following the implementation of a range of initiatives by the Hospital and our team there. MMI facility provides patients at Macquarie University Hospital and from neighbouring suburbs with access to state-of-the-art imaging facilities.

While we suspended commercial operations at our Cyclotron facility at the Macquarie Hospital complex, it remains a valuable asset and we are currently considering various options to maximize its value.

SLIDE – Board and Strategy

The Board always seeks to ensure that it has the right mix of skills and experience to guide the future development of Cyclopharm in the interests of all shareholders. First, let me warmly thank retiring director Mr Henry Townsing, who has made an invaluable contribution to the Board and the company. As we continue to further our strategy we will seek additional Directors that will assist us growing our company.

Cyclopharm will continue to pursue our established business growth strategy, which has been the driver of our success to date and which we believe will deliver the best financial returns over time. This strategy has four elements:

- Seek to expand into the United States Market
- Expand Technegas' indications for use
- Develop and deliver new products such as Ultralute
- Seek out new opportunities within our area of expertise of nuclear medicine and lung healthcare

In conclusion, the Board expects 2016 will be another year of consistent operational performance and positive financial results, driven by revenue growth in the Technegas division, particularly in Canada and Asia.

In pursuit of our expansion objectives in the United States and in the development of new indications, these costs will be expensed. While these costs will have an impact on our profitability, the underlying strength of Technegas will continue to deliver cash and profits.

As I said, we expect to receive our first modest revenues for Ultralute™ in 2016, although due to sales and development costs, the technology is not expected to add to earnings this year.

I would like to thank all of the Cyclopharm management team, led by James, for their very hard work during the year. Their belief in the value of our technologies, their determined pursuit of excellence and their clear-eyed belief in our potential have been instrumental to Cyclopharm's achievements.

Finally, on behalf of the Board, I thank shareholders for their continuing support. Your company is strong, growing and profitable. We will, I am confident, continue to deliver increasing rewards for shareholders.

I now invite James to address the Meeting.

Vanda Gould
Chairman

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