



cyclomedica
technegas
cyclopet

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

Chairman's Address

Introduction

Good morning everyone. My name is David Heaney. I will be Chairing the meeting today. Our Chairman Mr Vanda Gould cannot be with us today and sends his apologies.

I am advised **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 Director, Henry Townsing, and our Managing Director and CEO, James McBrayer. I also welcome Stephen Fisher 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.

SLIDE – Introduction

Ladies and gentlemen,

Cyclopharm is a world leader in the high demand specialist field of nuclear medicine technology, with strong patents protecting the Company's intellectual property.

In 2014 the Group reported record sales and net profit, primarily derived from the strength of our Technegas business, which achieved very satisfactory growth in our international markets, led by Canada. The Board is confident that Cyclopharm will continue to generate solid and sustainable earnings growth and remain cash flow positive, building on last year's 'turnaround' results. James will review last year's performance in some detail.

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To complement our flagship Technegas Division, the Group has a number of significant business growth opportunities that are being actively developed and James will also address these later in the Meeting.

Importantly, Cyclopharm has retired the majority of its debt and the strength of the Group's balance sheet gives us the capacity to fund our active research and development program.

While Board Directors should always be wary of commenting on share price movements, it is gratifying to note that the market is beginning to recognise Cyclopharm's operational and earnings achievements and the Group's high potential for future growth in revenue and profit.

SLIDE – Our business lines

Following the cessation of our Cyclopet operations in April of last year, Board and management are now fully focussed on our remaining three business divisions.

Cyclomedica, or Technegas, is our leading business division and generator of growing revenue, profits and cash flows. Technegas is a lung imaging device used primarily to diagnose the presence of blood clots in the lungs known as pulmonary emboli. Over nearly three decades, more than 3 million patients have benefited from the use of the Technegas system.

The Technegas Division generated record sales and EBITDA in 2014. The Division is the earnings-generating 'engine room' of the Group and the great majority of Cyclopharm's revenue and earnings will be generated by Technegas this year and for the foreseeable future.

Ultralute™, Cyclopharm's recently-patented nuclear medicine technology, extends the useful life of nuclear isotopes by up to 50 per cent. This technology potentially gives nuclear medicine departments the ability to dramatically improve their operating efficiencies and therefore health outcomes for patients.

During 2014, a number of patents were secured for Ultralute™ and the first European sales of Ultralute™ technology are expected late this year.

Cyclopharm's medical imaging joint venture, Macquarie Medical Imaging (or MMI) located on site here provides patients at Macquarie University Hospital and from neighbouring suburbs with access to state-of-the-art imaging facilities.

Growth in MMI's business is tied closely to the Hospital's ramp-up. The JV is now EBIT positive as sales revenue continues to increase following the implementation of a range of initiatives by the Hospital, including a new breast cancer clinic and expanded specialities such as cardiothoracic and cancer care services.

Early in 2014 we made the difficult decision to cease production of Fluoro Deoxy Glucose (FDG) at our Cyclotron facility in the Macquarie Hospital complex.

We are currently considering various options to maximize the value of this asset.

SLIDE – Board and Strategy

Board membership remained stable in 2014 and we believe that the present Directors, including our indefatigable Managing Director James McBrayer, have the

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right mix of skills and experience to guide the future development of Cyclopharm in the interests of all shareholders.

Cyclopharm will continue to pursue our established business growth strategy which we believe will deliver the best financial returns over time. The strategy, which has three elements, is dependent upon the ongoing success of our established Technegas business. We will continue to:

- Pursue strong organic sales growth in existing markets
- Seek to enter high growth markets (such as the USA and Japan) and
- Identify new applications for the use of the Company's products

SLIDE – Conclusion and Outlook

The Board expects 2015 to be another excellent year of strong operational performance and financial results. Continued growth in demand for Technegas products, the lower Australian dollar and further margin improvement are expected to underpin higher earnings. The Group's balance sheet is healthy and will be bolstered by positive operating cash flows and any proceeds that may arise from a potential divestment of the Cyclotron.

All of these factors, working together, ensure that Cyclopharm is well-placed to pursue further market development for Technegas, to fund ongoing R & D and, when appropriate, to consider capital management initiatives to enhance shareholder value.

Finally, I would like to thank all of the Cyclopharm management team, led by James, for their outstanding work during the year. In particular, I would like to congratulate James for his meticulous and tenacious management of the complex and time-consuming Cyclopet litigation and the Board is pleased this matter is behind us.

On behalf of the Board, I thank shareholders for their loyalty and patience during recent years. I am very confident that our Company is now ideally placed to build on the successes of 2014 and to achieve long-term, sustainable growth in earnings and shareholder value in 2015 and into the future.

David Heaney
Acting Chairman

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