

14 August 2009

Mr James Gerraty
Manager, Issuers (Melbourne)
ASX Limited
MELBOURNE



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Dear James,

Cyclopharm Limited ("Cyclopharm")
Appendix 3Y - Change of Directors Interests

I refer to your letter dated 13 October 2009 and advise as follows:

1. Please explain why the Appendices 3Y were lodged late.

Mr Vanda Gould is a director of Stinoc Pty Limited ("Stinoc"). On 29 July to 17 September 2009, Stinoc purchased 1,104,230 Cyclopharm Limited shares for a total consideration of \$92,103. The purchases therefore became part of Mr Gould's indirect holding in Cyclopharm.

Mr Gould advised he was unaware of Stinoc's purchase of Cyclopharm shares as he was overseas at that time. In Mr Gould's absence, Stinoc's accountant would have advised Cyclopharm of Stinoc's share purchases. However, there was an oversight by Stinoc's accountant and consequently Cyclopharm was unable to lodge the Appendix 3Y within the requirements of the Listing Rules.

The oversight was a result of the Stinoc's management forming the view that its Cyclopharm shareholding did not comprise Mr Gould's indirect holding according to Section 608 of *Corporations Act 2001*. We wish to advise the Company is currently evaluating this matter and will make adequate disclosure if the appropriate legal and professional advice showed otherwise. Meanwhile, any shareholding movement in Stinoc is deemed Mr Gould's indirect holding in Cyclopharm.

Mr Vanda Gould is a director of South Seas Holdings Pty Limited. On 17 September 2009, South Seas purchased 100,000 Cyclopharm Limited shares for a consideration of \$7,000. The purchase therefore became part of Mr Gould's indirect holding in Cyclopharm. There was an oversight by South Sea's accountant and consequently Cyclopharm was unable to lodge the Appendix 3Y within the requirements of the Listing Rules.

During the year, the Company advised of 4 purchases of Cyclopharm shares by South Seas to the ASX regarding changes in Mr Gould's interests. On 3 occasions the Company complied with Listing Rule 3.19A and for the reasons outlined above on the other 1 occasion the notice was non compliant.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

A copy of all contract notes for purchases and sales of Cyclopharm shares are sent by respective company accountants for director related entities to Cyclopharm's Company Secretary within 2 days of the trade occurring. The respective accountants for director related entities maintain and update their holdings in Cyclopharm on a regular basis. Cyclopharm's Company Secretary prepares the Appendix 3Y which is approved by the director concerned prior to lodgement with the ASX.

3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Mr Gould advised that Stinoc and South Seas have adequate arrangements to ensure that mistakes of this nature do not happen again.

Yours faithfully
Cyclopharm Limited



Will Richardson
Company Secretary



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13 October 2009

William Richardson
Company Secretary
Cyclopharm Limited
MELBOURNE

By email only

Dear William

Cyclopharm Limited (the "Company") - Appendix 3Y – Change of Director's Interest Notices

We refer to the following;

1. The Appendices 3Y lodged by the Company with ASX on 29 September 2009 and 6 October 2009 for Vanda Gould (the "Director Notices");
2. Listing rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.

- On the date that the entity is admitted to the official list.
- On the date that a director is appointed.

The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendices 3Y indicate that a change in Vanda Gould's notifiable interest occurred on various dates between 29 July 2009 and 17 September 2009. It appears that notices should have been lodged with ASX some months earlier. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the directors concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendices were lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. A.E.D.S.T.) on Friday, 16 October 2009.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately

Yours sincerely,

Sent electronically without signature

James Gerraty
Manager Issuers, Melbourne