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Cyclopharm Limited

Annual General Meeting

21 May 2009

# Disclaimer

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All references to dollars are to Australian dollars.

# Agenda

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Chairman's Address

Managing Director's Review

Question Time

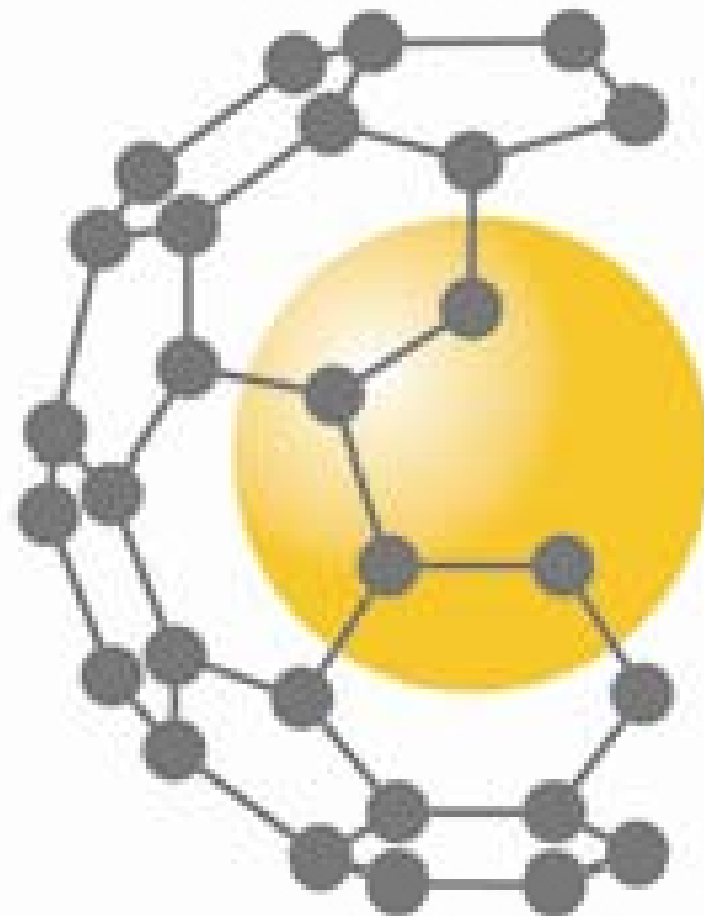
Business

Close

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Chairman's Address

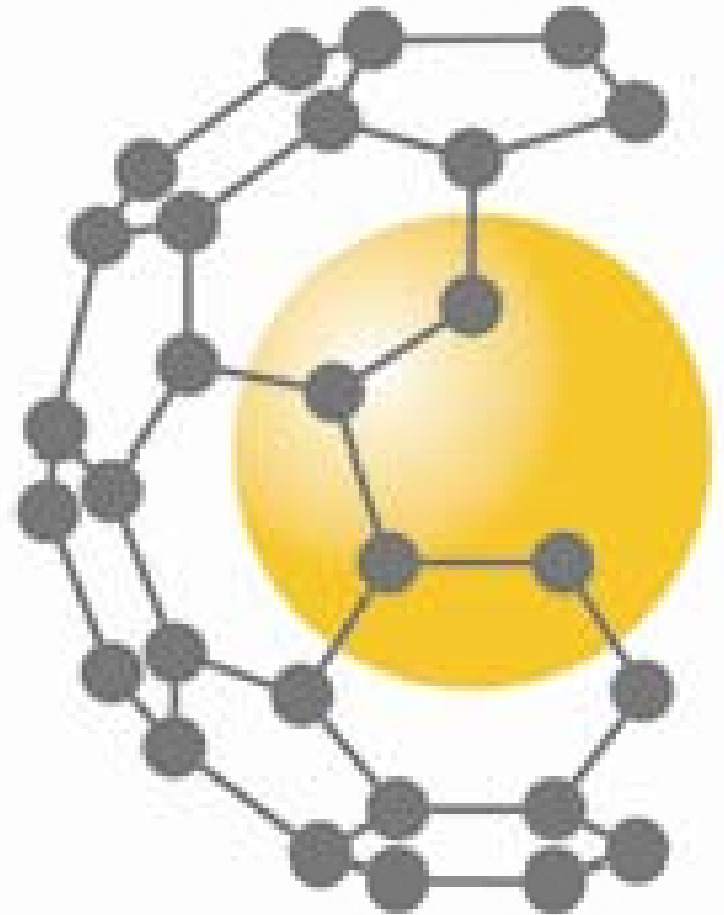
Vanda Gould



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# Managing Director's Review

James McBrayer



# Cyclopharm business

## Two main business units



### Technegas

Established in 1986 continues to generate revenue, profits and strong cash flows through the manufacture and distribution of drugs and equipment for lung imaging

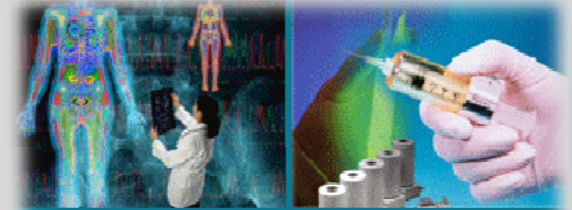


**Cyclopharm - helping save lives everyday!**

Our products & services are delivered to **Nuclear Medicine** departments assisting clinicians in identifying life threatening conditions.

### Molecular Imaging

Establishment of PET central pharmacies to produce PET radiopharmaceuticals for Australia



# Highlights - Financial Year 2008



- ✓ Profits up 55% and EPS up 49%
- ✓ Net cash flow up \$3.0 million
- ✓ Equity and financing secured for growth
- ✓ FDA progressing
- ✓ New Technegas applications in the pipeline
- ✓ PET Nuclear pharmacy plan on track
- ✓ Government funding approvals for PET indications increasing



# Technegas



There are three components required for a Technegas procedure:

1. Technegas Generator
2. A single use Patient Administration Set (PAS)
3. A single use patient crucible

Technegas Generators, PAS components and patient crucibles are manufactured at Cyclopharm's Australian facility located at Lucas Heights, NSW and in Europe

Technegas for inhalation is manufactured onsite within the Nuclear medicine department

## Components of Technegas



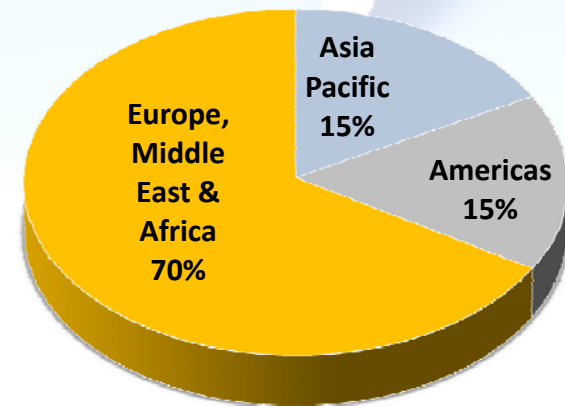


# Technegas

## Global footprint



- Technegas is sold in 55 countries across the world
- Over 2,160,000 patient studies since 1986
- 160,000 patient studies conducted in 2008
- 1,100 Technegas generators sold globally
- Patents in 36 countries
- Expanding operations in North America pending approval of United States FDA
- Global business review currently underway



Revenue by Region

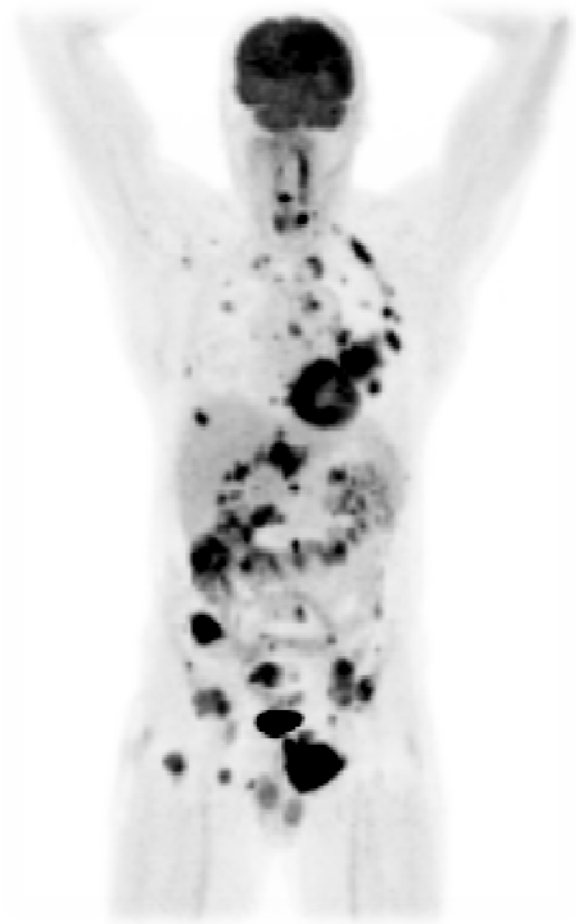
# Molecular Imaging - Positron Emission Tomography (PET)



## **PET is the future of Nuclear Medicine.**

Positron Emission Tomography allows physicians to differentiate between healthy and active diseased tissue and therein:

- **Detect** cancer and other disease states more accurately
- Detect cancer earlier than conventional methods
- Identify the **stage** of the disease
- Improved therapy prescription
- Better **monitoring** of the therapy effectiveness
- **Ultimately provides better patient care**

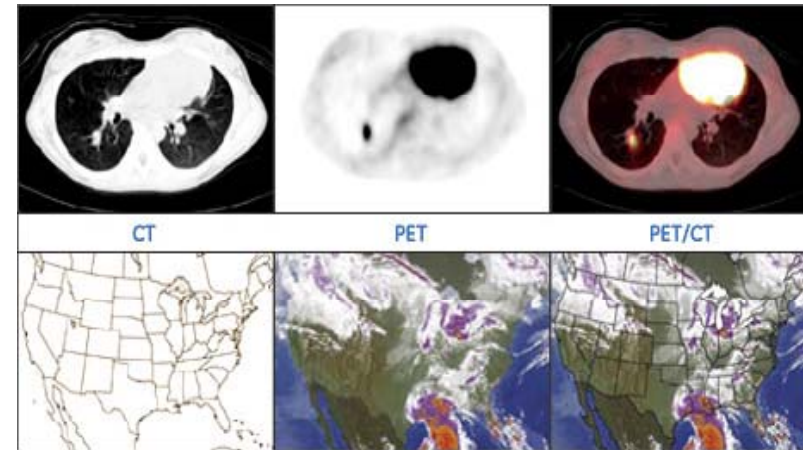


# Molecular Imaging Industry Developments



## Improved Technology

PET is the future of Nuclear medicine. As a result, equipment manufacturers are investing heavily in the advancement and development of improved and integrated technologies.



## Additional Government Funding

Recent government approval for three additional procedures, more than doubling the MBS reimbursed patient studies.

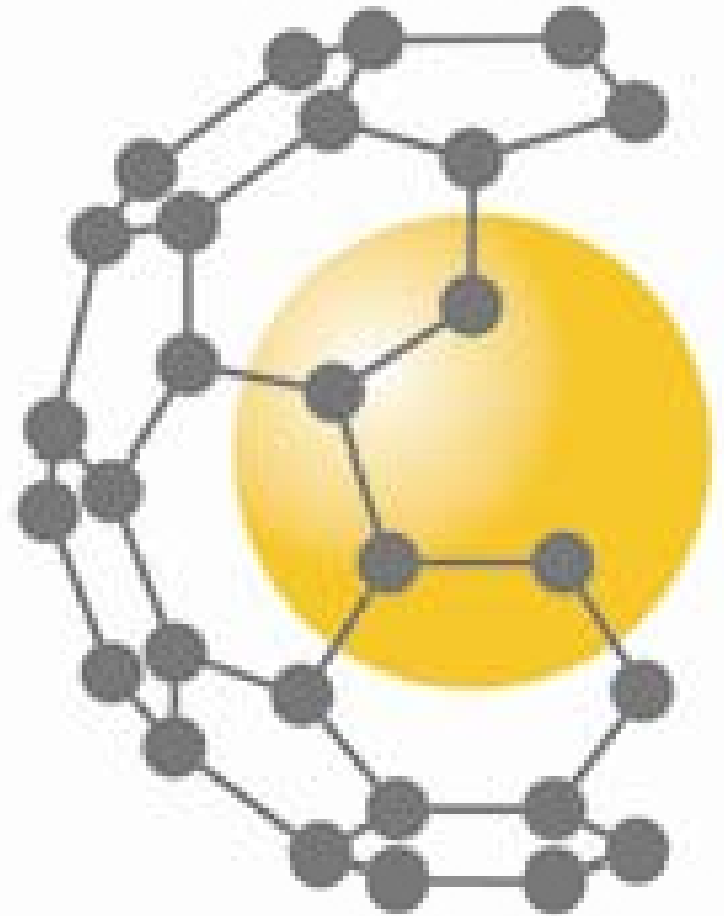
Another 8 procedures targeting Cancer are under review

### Approved Australian PET Procedures

- Brain - epilepsy
- Lung – non-small-cell lung cancer  
– solitary pulmonary nodules
- Colorectal cancer
- Melanoma cancer
- Ovarian cancer

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## 2008 Financials



# Profit & Loss



✓ Net profit after tax increases 55%

- Technegas related sales revenue was compared to the prior period.
- Gross profit margins and profitability improved due to a shift in sales mix and overall margin improvement.
- The Molecular Imaging division did not contribute revenue. Costs associated with the development of the PET Nuclear Pharmacies were capitalised.

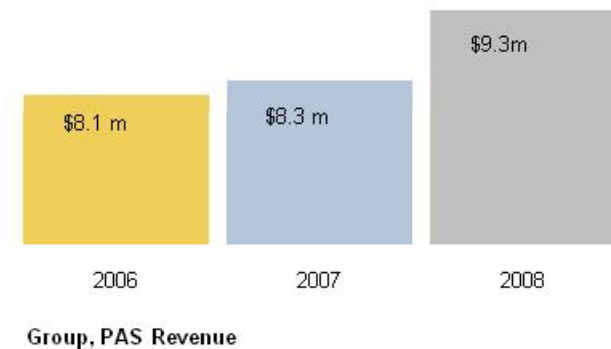
	2008 \$	2007 \$
<b>CONTINUING OPERATIONS</b>		
<b>Total revenue</b>	<b>10,937,646</b>	<b>11,229,630</b>
Expenses	(8,787,211)	(9,616,284)
<b>Profit before tax and finance costs</b>	<b>2,150,435</b>	1,613,346
Finance costs	(253,961)	(223,607)
<b>Profit before income tax</b>	<b>1,896,474</b>	1,389,738
Income tax expense	(139,412)	(258,499)
<b>Net profit after tax</b>	<b>1,757,062</b>	1,131,239



## ✓ Consolidated profit margins improve

### Patient Administration Sets (PAS)

- Targeting margin improvement in 2008
- PAS revenue up 11.9% to \$9.3 m
- PAS volumes down 5%



### TechnegasPlus

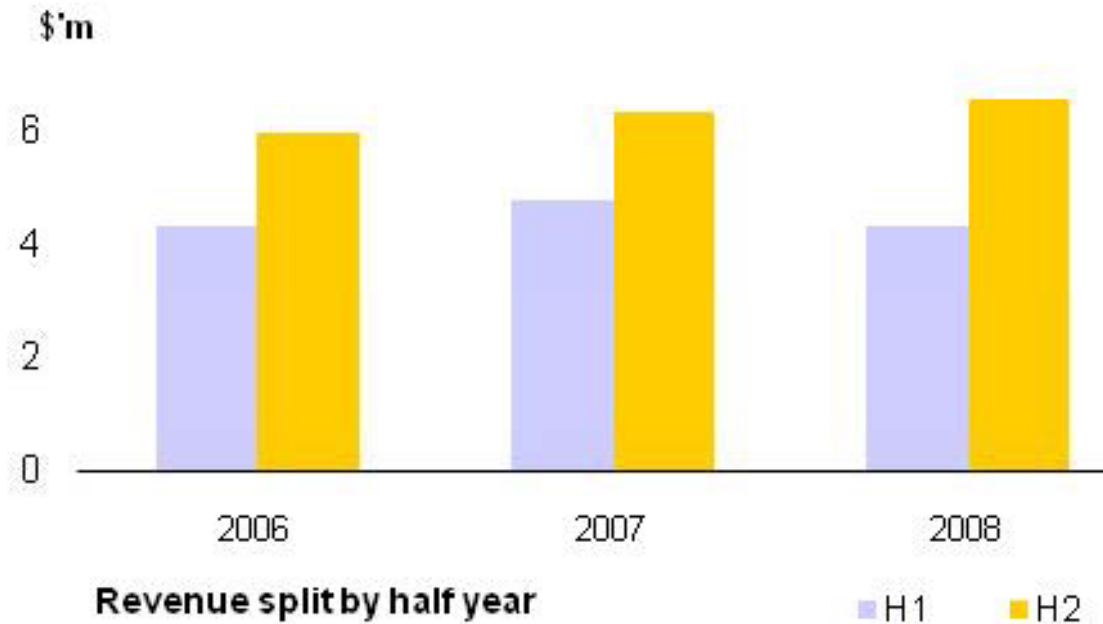
- 2007 introductory offer not extended in 2008
- Generator margin improved 20%
- Generator volumes down 61%



**Further growth expected from new approvals in South Korea, Japan and China.**

# Sales revenue Half year comparison

✓ Historical Trend – strong second half results continue



# Strong Balance Sheet



## ✓ Funding secured for strategic growth

- \$3.18m raised through fully subscribed rights issue (before issue costs of \$0.15m)
- Debt facility increased to \$6.45m (\$3.7m unused facilities) based on strengthened balance sheet and robust cash flows.
- At 31 December 2008 net cash position of 11% providing capacity to part fund initial rollout of Molecular Imaging facilities and new Technegas markets

<b>Balance Sheet Summary</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Total Current Assets	12,443,583	7,763,729
Total Non-current Assets	6,136,066	3,213,820
<b>Total Assets</b>	<b>18,579,649</b>	<b>10,977,549</b>
Total Current Liabilities	1,937,628	1,584,918
Total Non-current Liabilities	3,586,465	2,050,487
<b>Total Liabilities</b>	<b>5,524,093</b>	<b>3,635,405</b>
<b>Net Assets</b>	<b>13,055,556</b>	<b>7,342,144</b>



# Robust Operating Cash flow



✓ Net cash flow increases \$3.0m over prior year

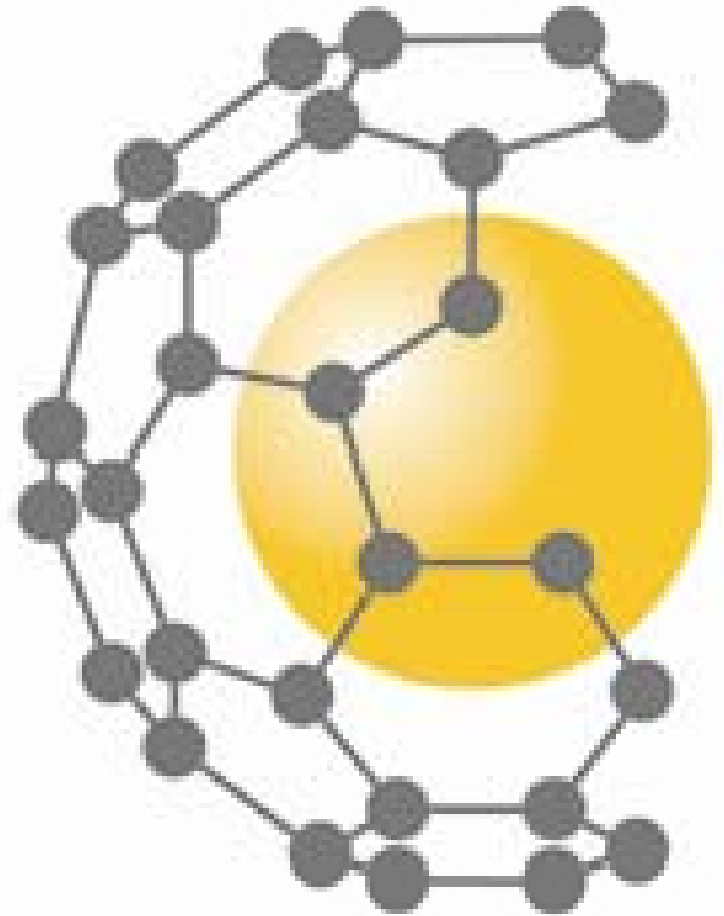
- The improvement in operating cash flows resulted from reduced expenses and favourable currency movements
- Higher inventory balance driven by stock build for sale into the USA
- Significant cash flows were expended on PET Nuclear Pharmacy at Macquarie University and increasing our presence in North America.
- Rights issue to shareholders raised \$3.18m before costs and \$1.2m drawn in bank borrowings

	2008 \$	2007 \$
Net cash flows from operating activities	1,486,028	146,099
Net cash flows used in investing activities	(2,826,186)	(1,311,690)
Net cash flows from financing activities	4,247,930	867,028
<b>Net increase in cash</b>	<b>2,907,772</b>	<b>(298,563)</b>
Foreign exchange translation	93,956	99,778
<b>Closing cash</b>	<b>4,206,271</b>	<b>1,204,543</b>

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# Business Objectives

2009



# Business Overview 2009

## Technegas

### New Drug Application (NDA)

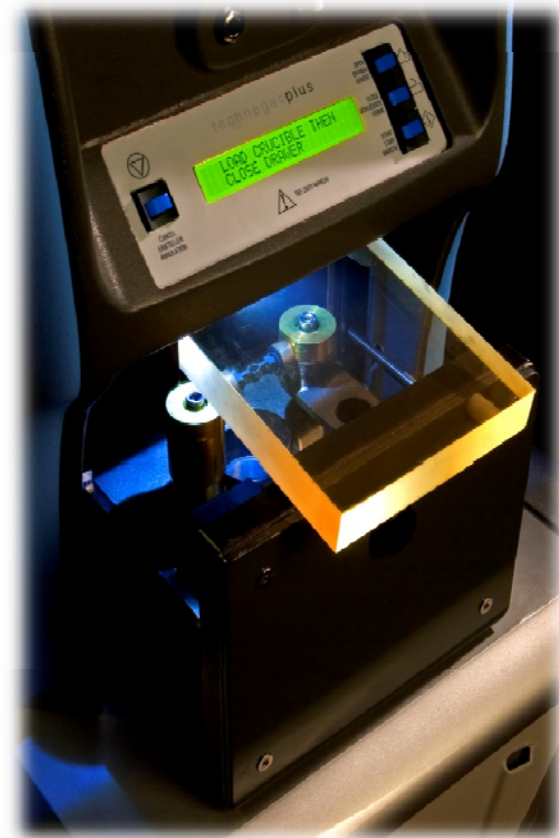
- NDA submitted December 2008
- Application withdrawn February 2009 based on initial FDA feedback
- Once filed, approval is expected within 12 months

### New Indications for Technegas

- Currently in discussions with researchers and clinicians
- COPD and Lung Cancer targeted for potential new indications

### Clinical Research

- Opportunity to participate in PIOPED 4 a major research initiative in the United States comparing CTPA against VQ SPECT



# Business Overview 2009

## Molecular Imaging

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### **Macquarie University Private Hospital (MUPH)**

- Cyclotron ordered, bunker constructed and fit out commencing June 2009
- Sales forecasted for 2010

### **Melbourne**

- Construction scheduled to follow regulatory approval of MUPH

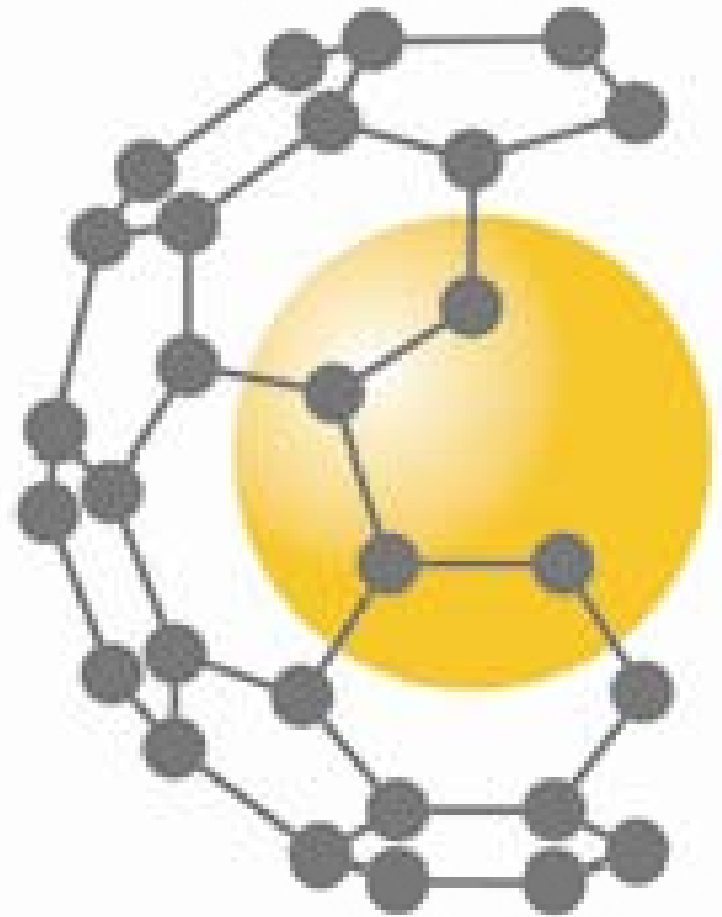
### **Government Funding**

- The Australian government doubles the funded indications for Positron Emission Tomography from three to six
- Eight additional procedures under evaluation



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## Conclusion



# Highlights - Financial Year 2008

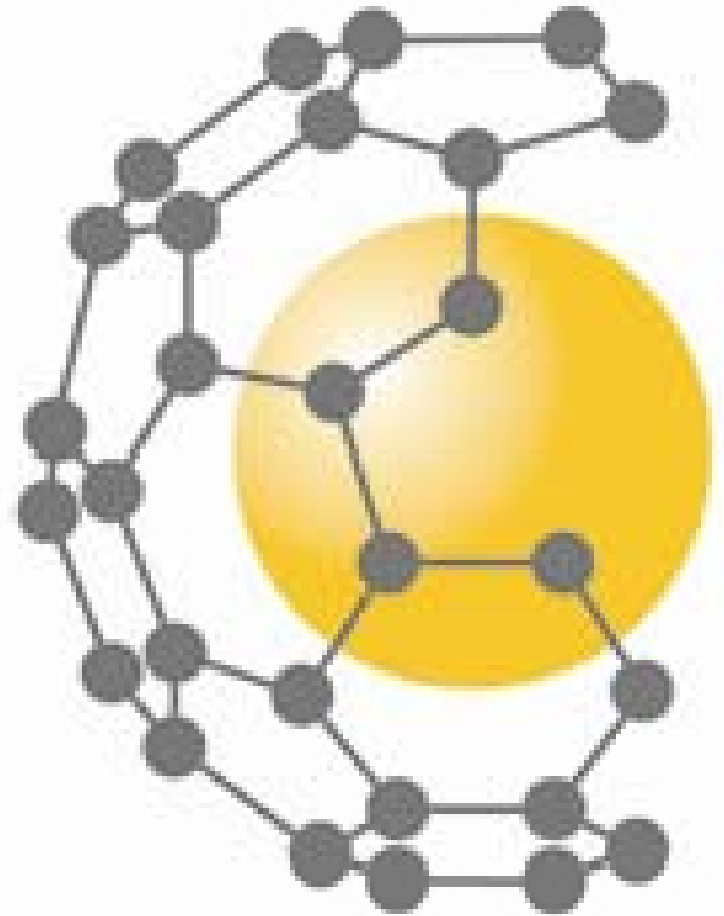


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## Question Time & Business



# Proxy Summary



Resolution	Business	For*	Against	Abstain	Proxy's discretion
1	Remuneration Report	111,459,346	202,791	9,327	350,100
2	Re-election of Mr David James Heaney	111,615,635	55,829	-	350,100
3	Election of Mr John Stuart Sharman	108,972,952	55,829	2,642,683	350,100
4	Long Term Incentive Plan: Grant of a limited recourse loan	71,956,120	149,763	39,565,581	350,100
5	Share Buy back	111,588,440	83,024	-	350,100
6	Approval of Proportional Takeover Bid	111,636,096	35,368	-	350,100

\*Includes Open Useable Proxies that have instructed the Chairman to vote on their behalf and have been voted in favour of the resolution.



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# Attachments

