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

cyclomedica
molecularimaging
technegas

Cyclopharm Ltd
ABN 74 116 931 250
Bldg 75 Business & Technology Park
New Illawarra Road
Lucas Heights NSW 2234 Australia
POB 350 Menai Central NSW 2234
T 61 2 9541 0411
F 61 2 9543 0960
www.cyclopharm.com.au

Trading Update

In comparing the first half of 2010 to 2011, Cyclopharm wishes to advise shareholders that revenues have increased 10% over the same period; however, Losses before Interest and Taxes are expected to be at (\$1,400k), approximately \$900k lower than that of the same period last year.

I am pleased to report that Technegas, our foundation product, remains strong with a global revenue improvement of 9% over the same period last year. The growth is primarily attributed to global production levels of Molybdenum 99 returning to normal. Molybdenum 99 is the isotope precursor to Technetium 99m, the radioactive isotope required to manufacture Technegas.

Technegas historically demonstrates improved sales in the second half to that of the first. We expect this trend to continue throughout 2011.

At our recent AGM held 26 May, 2011 we underscored the fact that Cyclopharm is no longer a single product company. In December 2010 Cyclopet sold our first dose of FDG manufactured from its cyclotron facility based at Macquarie University Hospital. Also last year Macquarie Medical Imaging, Cyclopharm's imaging joint venture with Alfred Health Solutions, commenced operations.

While these new business ventures deliver diversity to our product and service offering, both CycloPet and MMI are negatively impacting our financial performance on a financial year comparative period basis.

While we expect that the financial improvement for Cyclopet and MMI will not be materially improved in 2011, we believe that their future is still promising.

Cyclopharm holds a 20% share in Macquarie Medical Imaging, one of the most technologically advanced imaging facilities in Australia. The slower than expected ramp-up of Macquarie University Hospital has negatively impacted patient volumes. The Directors believe that the patient uptake is only a timing issue and are confident the recent growth initiatives put into place at MUH will drive growth.

We are pleased to inform shareholders of the positive impacts a recent Federal Government announcement will have on our Molecular Imaging business. The details of

the initiatives have just been released and include the following changes are effective 1 July 2011:

- Several PET items will be moved from the Health Insurance (Positron Emission Tomography) Facilities Determination 2010 (No. 2) to the Health Insurance (Diagnostic Imaging Service Table) Regulations 2010. This change will make item codes publicly available for all Medicare-eligible PET facilities in Australia rather than a select few locations; and
- Following an expansion and reclassification of item codes, the 10 procedures previously accessible to all providers under the Medicare Benefit Scheme, have doubled to a total of 20 procedures as of 1 July 2011.

In future we expect to see a gradual redistribution of existing studies from centres that held the limited license to perform these studies. In the medium term we expect to see an expansion in the PET market for both the public and private sectors.

I will look forward to updating our shareholders in greater detail when the audited accounts are finalised and available next month.

James McBrayer
Managing Director, CEO and Company Secretary

Contact details:

Mr James McBrayer
Managing Director, CEO and Company Secretary
Cyclopharm Limited
T: +61 2 9541 0411

Background

Cyclopharm Limited

Cyclopharm is a 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 through the provision of radiopharmaceutical products, Technegas (for lung imaging) and Molecular Imaging / PET radiopharmaceuticals (used in cancer, brain and cardiac imaging). Our customers are nuclear medicine departments located within hospitals and clinics.

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 2,500°C. The resultant gaseous 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 the superior diagnosis of pulmonary emboli (blood clots in the lungs).

Positron Emission Tomography (PET)

PET radiopharmaceuticals target specific tissues / organs, concentrate there, and the attached radioisotope emits radiation, which is then detected by a PET or PET / CT gamma (collectively PET camera). These imaging modalities help physicians improve their ability to detect and determine the location, extent and stage of cancer, neurological disorders and cardiac disease. By improving diagnosis, PET scans aid physicians in selecting better courses of treatment, as well as assessing whether treatment is effective or should be changed.

Macquarie University Hospital and the Macquarie University School of Advanced Medicine

Macquarie University Hospital is a major medical precinct within the Macquarie University Research Park to complement the Allied Health teaching services offered by Macquarie University.

The Macquarie University Hospital is a state of the art facility that delivers health education and research on site.

Macquarie Medical Imaging

Cyclopharm formed a joint venture with Alfred Health Solutions to provide all imaging services on-site at the hospital. The new venture named Macquarie Medical Imaging ("MMI") represents a rare strategic opportunity to provide a fully aligned and integrated diagnostic, therapeutic and research platform. MMI offers a range of diagnostic radiology, interventional radiology, nuclear medicine and molecular imaging services for inpatient and outpatients.

The combination of state of the art imaging equipment, a GE cyclotron located on the grounds of MUH, leading surgeons, clinicians and academics will ensure that MMI will become the leading centre of imaging excellence.