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CYCLOPHARM UNVEILS INAUGURAL DIVIDEND AND FORECASTS A STRONG SECOND HALF FY2015

Nuclear medicine company Cyclopharm Limited (ASX: CYC) today released its financial results for the six months to 30 June 2015 and announced that Directors had declared the first dividend in the history of the company.

The company also forecast higher net profit for the full year, compared with the first half of FY2014, and revealed it will launch its new Ultralute technology in October.

The declaration of the interim dividend fulfils Cyclopharm's commitment to reward shareholders for the continued strong growth in sales of its valuable patented technologies. The interim dividend of 0.5c a share, fully franked, will be paid on 14 October 2015 to shareholders on the register on 7 October 2015.

CYC Managing Director James McBrayer said the prospective payment of the first dividend for shareholders was a major milestone for the company. "I am extremely happy that the Board is able to reward our shareholders for their confidence and loyalty in Cyclopharm," he said.

"Our results for the first half year reflected continued improvements in margins, lower administration costs and increased sales volumes in the key North American and Asian markets. This was offset by a timing shift in sales of Technegas Patent Administration Set (PAS) units to the French market to the second half of the financial year."

"This inaugural dividend reflects the fundamental health of your company, the value of our patented technologies and the strong prospects for growing sales in new and existing markets globally."

Financial highlights of the half included:

- Inaugural dividend of 0.5c a share, fully franked
- Sales revenue from ordinary activities of \$5.03 million (1H2014: \$6.01m)
- Net operating cashflow of \$875,360
- Group net profit after tax of \$178,842 (1H2014: \$923,417)
- Technegas gross profit margins up 2% to 79%.
- Technegas generator volume sales up 4% and PAS volume sales (ex-France) up 14% vs PCP
- Lower group operating costs
- Net cash at the end of the period of \$3.6 million



Underlying sales and gross margins from CYC's core Technegas business grew steadily over the half year, driven by improved sales in Europe (other than in France) and Asia. Excluding sales of PAS in France, revenue from ordinary activities of \$5.03 million was 8% higher than in the prior corresponding period.

Statutory Group revenue and profit in the half were impacted by the timing of sales of PAS in France. Typically the majority of PAS sales to European market occur in the Northern Hemisphere winter. However, in the prior year a significant proportion of sales to the French market occurred in the first half, effectively bringing sales forward in that year. Mr McBrayer said that sales to the French market this year will occur solely in the second half and are expected to be equal to or greater than the prior year, with significant orders already received in July.

Cyclopharm's balance sheet also strengthened in the first half with strong net operating cashflow of \$875,360. The company had net cash at the end of the period of \$3.6 million.

"This improving financial position and tangible growth opportunities developing supported the Board's decision to commence dividend payments to shareholders," Mr McBrayer said.

Mr McBrayer said the highest strategic priority for the company remained securing regulatory approval from the US Food and Drug Administration for selling Technegas in the US market. The technology, already sold in 55 countries, is a superior alternative to CT scans, producing more detailed imaging of the lungs at much lower radiation levels.

"The company is continuing to engage in discussions with potential partners with a view to possibly partnering in the clinical trials for Technegas and smoothing the path to FDA approval. We continue to be confident that its application for market entry into the US will ultimately be successful," he said.

"The USA has half the world's nuclear medicine departments and will certainly become the largest market for Technegas."

The company continues to pursue the expansion of Technegas use into the Chronic Obstructive Pulmonary Disease (COPD) market with the expected report of a pilot clinical trial in China to be published in the fourth quarter of 2015.

Ultralute™

Cyclopharm will launch in October its highly promising Ultralute™ technology, which extends the useful life of Molybdenum-99 (Mo-99) generators used in nuclear medicine by up to 50%.

"We are very excited by the commercial prospects for Ultralute™ and are confident it provides Cyclopharm with the basis for superior shareholder returns over the longer term," Mr McBrayer said.

The first material sales of Ultralute™ are expected to occur in the first half of FY2016.



Outlook

Mr McBrayer said that the company expects stronger sales of Technegas in the second half of 2015 due to the inclusion of annual French sales supported by the seasonally strong sales in the Northern hemisphere winter that we traditionally see.

In addition the company anticipates continued strong performance in Canada and improved volumes from targeted marketing in Europe and Asia as well as organic growth with the commencement of an education program focused on referring physicians.

“This is an exciting time for the company and we look forward to continuing to build on our successes and further reward our shareholders,” Mr McBrayer said.

For more information, please contact:

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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 (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 2,700°C. The resultant gas like 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).

Ultralute™

Cyclopharm’s Ultralute™ technology extends the useful life of Molybdenum-99 (Mo-99) generators by up to an additional 50%. This technology potentially gives nuclear medicine departments the ability to dramatically improve their operating efficiencies, cost of materials and health outcomes for patients.