

Cyclopharm Limited Notice of Annual General Meeting and Explanatory Statement

**to be held at Level 1, St Kilda Road Towers,
1 Queens Road, Melbourne Victoria, 3004,
at 11.30am, (Melbourne time) on
Thursday, 1 May 2008**

This document is important.

Please read the information it contains carefully. It is important that you vote on these resolutions either by attending the meeting or by completing and lodging the enclosed proxy form. If you are in doubt as to its contents, you should consult your professional advisor(s).

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TABLE OF CONTENTS

NOTICE OF MEETING	1
1. ORDINARY BUSINESS	1
1.1 FINANCIAL STATEMENTS AND REPORTS	1
1.2 RESOLUTION 2 – ELECTION OF DIRECTORS	1
2. SPECIAL BUSINESS	2
2.1 RESOLUTION 3 – DIVIDEND REINVESTMENT PLAN	2
3. OTHER BUSINESS	2
NOTES TO NOTICE OF MEETING	3
1. EXPLANATORY STATEMENT	3
2. VOTING AND REQUIRED MAJORITY	3
3. VOTING ENTITLEMENT	3
4. QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING	3
5. PROXIES	4
EXPLANATORY STATEMENT	6
1. IMPORTANT NOTICE	6
2. REPORTS	6
3. EXPLANATION OF RESOLUTION 2 – ELECTION OF DIRECTOR	7
4. EXPLANATION AND SUMMARY OF RESOLUTION 3 - DIVIDEND REINVESTMENT PLAN	8
5. GLOSSARY OF TERMS	10
6. SHAREHOLDER ENQUIRIES	10

IMPORTANT DATES

Close for receipt of written questions to Auditor	5.00 pm	Thursday, 24 April 2008
Close for receipt of Proxy Forms	11.30 am	Tuesday, 29 April 2008
Determination of Entitlement to Vote	5.00 pm	Tuesday, 29 April 2008
Meeting	11.30 am	Thursday, 1 May 2008



NOTICE OF ANNUAL GENERAL MEETING OF CYCLOPHARM LIMITED

Notice is given that the Annual General Meeting of members of Cyclopharm Limited ACN 116 931 250 (**Company**) will be held at Level 1, St Kilda Road Towers, 1 Queens Road, Melbourne, Victoria 3004, Australia on **Thursday, 1 May 2008 at 11.30am** Melbourne time.

1. ORDINARY BUSINESS

1.1 Financial Statements and Reports

- (a) *To receive and consider the financial statements and the reports of the directors and the auditors of the Company for the year ended 31 December 2007.*

An explanation of this item is to be found in the notes to this notice and paragraph 2.1 of the Explanatory Statement.

(b) Resolution 1 – Remuneration Report

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report as set out in the Annual Report of the Company for the financial year ended 31 December 2007 be adopted. "

An explanation of this item is to be found in paragraph 2.2 of the Explanatory Statement.

The vote on this resolution is advisory only and it is not intended that it bind the Directors or the Company.

1.2 Resolution 2 – Election of Director

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution** with effect from the close of the meeting:

"That Vanda Russell Gould, a director retiring by rotation in accordance with rule 5.1 of the Constitution, being eligible and having consented to act, be re-elected as a director of the Company."

An explanation of Resolution 2, and more information on Mr Gould, is to be found in paragraph 3 of the Explanatory Statement.

2. SPECIAL BUSINESS

2.1 Resolution 3 – Dividend Reinvestment Plan

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That pursuant to rule 135.1 of the Constitution the Board of the Company be authorised to implement the Cyclopharm Limited Dividend Reinvestment Plan, in the form tabled by the Chairman at the meeting and initialled by him for the purposes of identification.”

An explanation of Resolution 3 is to be found in paragraph 4 of the Explanatory Statement.

3. OTHER BUSINESS

To consider any other business that may be properly brought forward at the meeting in accordance with the Constitution and the law.

By Order of the Board

William N Richardson
Company Secretary

Dated: 26 March, 2008

PLEASE NOTE:

The Notes to, and the Explanatory Statement and Proxy Form following, this Notice of Meeting should be read in conjunction with, and form part of, this Notice.

Capitalised words have the meaning ascribed to them in the Glossary in the attached Explanatory Statement.



NOTES TO NOTICE OF MEETING:

1. Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement.

2. Voting and Required Majority

2.1 The Board, as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements at the Annual General Meeting will be as it appears on the register of Shareholders at **5.00pm** (Melbourne time) on **Tuesday, 29 April 2008** and will process no transfers from that time until the end of the Meeting.

2.2 On a show of hands, every person present and qualified to vote shall have one vote. If a Shareholder appoints one proxy, then that proxy may vote on a show of hands. However, if the Shareholder appoints 2 proxies, neither may vote on a show of hands.

If a Shareholder appoints a proxy who is also a Shareholder or also a proxy for another Shareholder, their directions may not be effective on a show of hands. However, upon a poll and upon the proxy voting on the poll then their voting direction will be fully counted. Should a poll be taken, then the Auditors, Russell Bedford NSW, will act as scrutineer.

2.3 For the Resolutions to be effective:

- each Resolution must be passed at a meeting of which not less than 28 days' written notice specifying the intention to propose the Resolution has been given; and
- each ordinary Resolution must be passed by more than 50% of all the votes cast by Shareholders entitled to vote on the Resolution (whether in person or by proxy, attorney or representative).

3. Voting Entitlement

3.1 The Company will disregard any votes cast on Resolution 2 by any person who has an interest or will receive a benefit in the passing of that Resolution.

3.2 However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.3 In approving the Notice of Meeting all Resolutions as set out as the business of the meeting have the support and recommendation of all the Directors except that in the case of the election of Mr Gould as a Director seeking re-election where, in relation to Resolution 2, Mr Gould abstained from voting.

4. Questions and Comments by Shareholders at the Meeting

4.1 In accordance with the Corporations Act and rule 104.3 of the Constitution, a reasonable opportunity will be given to Shareholders at the meeting to ask questions about, or make comments on, the management of the Company.

4.2 Similarly, in accordance with the Corporations Act and rule 104.4 of the Constitution, a reasonable opportunity will be given to Shareholders to ask the Auditors, Russell Bedford NSW, questions relevant to:

- (1) the conduct of the audit;
- (2) the preparation and content of the Auditor's Report;
- (3) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (4) the independence of the Auditor in relation to the conduct of the audit.

4.3 Shareholders may also submit written questions to Russell Bedford NSW, via the Company, no later than 5 business days before the Annual General Meeting. Any question must be relevant to the content of Russell Bedford NSW's Audit Report or the conduct of its audit of the Company's financial report for the year ended 31 December 2007.

4.4 Relevant written questions for Russell Bedford NSW must be received no later than **5.00pm** (Melbourne time) on **Thursday, 24 April 2008**. A list of those relevant written questions will be made available to Shareholders attending the Annual General Meeting. Russell Bedford NSW will either answer the questions at the Annual General Meeting or table written answers to them at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Annual General Meeting.

5. Proxies

5.1 A Shareholder entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies. If 2 proxies are appointed, each proxy must be appointed to represent a specific proportion or number of the Shareholder's voting rights. If the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise one half of the Shareholder's votes.

5.2 If Shareholders wish to appoint one proxy, please use the form provided. If you want to appoint 2 proxies, please contact the Company for an additional form and follow the instructions set out on the reverse side of the proxy form.

5.3 A Shareholder may appoint an individual or a body corporate as their proxy. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at meetings. A proxy need not be a Shareholder of the Company.

5.4 To be effective a proxy form and an original or certified copy of the authority (if any) under which it is signed (such as a power of attorney or, in the case of a body corporate Shareholder, a certificate of appointment of personal representative) must be:

- delivered (by hand, mail, courier or fax) to the Company at Level 6, 1 Queens Road, Melbourne, Victoria, 3004 Australia;
- sent by facsimile to (+613) 9820 5957 or the registered office of the Company; or
- delivered to the registered office of the Company,

to arrive (in each case) no later than **11.30am** (Melbourne time) on **Tuesday, 29 April 2008**. If it is not received by that time, the appointment of proxy will not be treated as effective.

5.5 If a Shareholder is a body corporate, the proxy form may be signed by:

- 2 directors;
- a director and either a company secretary or other authorised signatory;
- in the case of a proprietary company that has a sole director that is also the sole company secretary, by that director, or
- the body corporate's appointed attorney under power of attorney.



- 5.6 In the case of joint holdings a proxy may be signed by any one of the joint holders. However, if the Company receives more than one appointment for the same Share:
- an appointment signed by all joint holders will be accepted in preference to an appointment signed by the Shareholder whose name appears first in the register of Shareholders or by any other Shareholder holding the share jointly; and
 - subject to the preceding paragraph, an appointment signed by the Shareholder whose name appears first in the register of Shareholders will be accepted in preference to an appointment signed by any other Shareholder or Shareholders holding the share jointly.
- 5.7 Completion of a proxy form will not prevent individual Shareholders from attending the Meeting if they wish. Where a Shareholder completes and delivers a valid proxy form and attends in person, the authority of the proxy to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
- 5.8 In the absence of your instructions, your proxy will vote or abstain from voting as they think fit.
- 5.9 Should you desire to direct your proxy how to vote, please insert 'X' or the percentage of votes in the box appropriate to each Resolution in the proxy form.

SHAREHOLDERS ARE URGED TO COMPLETE ANY ONE OF THE “FOR”, “AGAINST” OR “ABSTAIN” BOXES ON THE PROXY FORM THEREBY GIVING A DIRECTED PROXY WHICH THEN CAN BE COUNTED IN ACCORDANCE WITH THEIR WISHES.



EXPLANATORY STATEMENT

1. IMPORTANT NOTICE

- 1.1 This Explanatory Statement is given to Shareholders to explain the resolutions to be considered at the Annual General Meeting (**Resolutions**) and to allow Shareholders to determine how they wish to vote on the Resolutions. The Explanatory Statement should be read in conjunction with, and forms part of, the Notice of Annual General Meeting which this Explanatory Statement accompanies.
- 1.2 *Capitalised words in this Explanatory Statement have a defined meaning which appears in it or in the Glossary on page 10.*
- 1.3 This Explanatory Statement is dated 26 March 2008.

2. REPORTS

- 2.1 The Corporations Act requires the financial statements and reports of the Directors and Auditors to be laid before the Meeting. These are all incorporated into the Annual Report. Neither the Act nor the Constitution requires Shareholders to vote on such statements and reports. However, Shareholders will be given ample opportunity to raise questions on the Annual Report at the Meeting. For further information see note 4 on page 3. The Annual Report is available on the Company's website at www.cyclopharm.com.au.
- 2.2 *Explanation of Resolution 1 - Remuneration Report*

The Directors' Report - "Remuneration Report" (**Remuneration Report**) is contained in the Company's 2007 Annual Report.

The Corporations Act requires a resolution be put to the shareholders of a listed company to adopt the remuneration report as disclosed in the Directors' report component of the 2007 Annual Report (see pages 19 to 23 inclusive) . This Resolution is being put so as to give Shareholders a reasonable opportunity to ask questions or make comments concerning the Remuneration Report during the Meeting. The vote on this Resolution is advisory only and non-binding on the Board.

The Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors, secretaries and senior managers with the Company;
- discusses the link between the Board's policies and the Company's performance;
- provides a summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- sets out remuneration details for each Director and for each member of the Company's senior executive management team; and
- makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.

2.3 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

3. EXPLANATION OF RESOLUTION 2 – ELECTION OF DIRECTOR

- 3.1 Shareholders will be asked to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

“That Vanda Russell Gould, a director retiring by rotation in accordance with rule 5.1 of the Constitution, being eligible and having consented to act, be re-elected as a director of the Company.”

Mr Vanda Gould, being eligible, offers himself for re-election as a Director of the Company and his consent to act will be tabled at the Meeting prior to the resolution to re-appoint him being put to the Meeting.

- 3.2 The Constitution and the ASX Listing Rules require that, at each annual general meeting, one-third of the Directors must retire from office. The Directors retire by rotation but as in this case all Directors were appointed at the 2007 annual general meeting, Mr Gould has allowed himself to be put up for re-election.
- 3.3 The Nominations Committee (excluding Mr Gould) of the Board has conducted an assessment of Mr Gould, and has reviewed the skills, knowledge, experience and diversity represented on the Board. Having conducted those assessments and that review, the Board recommends to Shareholders the re-election of Mr Gould.
- 3.4 The following is a profile of Mr Vanda Gould:

- Board position:** Chairman of the Company since March 2006. Appointed Non-Executive Director on 21 November 2005 and elected by Shareholders to the Board of the Company on 8 May 2007.
- Qualifications:** Masters of Commerce, University of New South Wales, NSW, Bachelor of Commerce, University of New South Wales, NSW, Fellow of the Institute of Chartered Accountants and Fellow of the Certified Practising Accountants.
- Experience:** Mr Gould has broad business experience having practised as a chartered accountant for more than 30 years. As founding Chairman in 1984 of CVC Limited (listed on the ASX) he has overseen investments in several companies involved in the health services/medical industries including Cyclopharm. Mr Gould is Chairman of the Vita Life Sciences Limited (listed on the ASX) and several other private and public companies and educational establishments.
- Committees:** Chairman of the Remuneration, Board Nominations and Audit Committees

Mr Gould will vacate the chair for the vote on Resolution 2 and whichever director acts in that capacity intends to vote any undirected proxies in favour of the re-election of Mr Gould.



3.5 Directors' Recommendation

The Board, other than Mr. Gould (who abstains), recommends that Shareholders vote in favour of Resolution 2.

4. EXPLANATION AND SUMMARY OF RESOLUTION 3 – DIVIDEND REINVESTMENT PLAN

4.1 The Constitution in Rule 135 allows the Directors to put a Dividend Reinvestment Plan before Shareholders for approval at general meeting.

4.2 Summary

The Cyclopharm Dividend Reinvestment Plan (**DRP**) provides a convenient way for all holders of the Company's ordinary Shares to automatically invest their dividends in new fully paid ordinary shares in the Company. The full terms and conditions of the **DRP** are available in soft or hard copy from the Company Secretary on request at the registered office.

The main features of the **DRP** include:

- a) Shareholders have the opportunity to be Participants in the **DRP** and at each dividend payment date, have any dividends automatically invested in the Company's Shares.
- b) Shares will be allocated under the **DRP** at the Adjusted Current Market Price defined as 97.5% of the volume weighted average sale price per share of all Cyclopharm ordinary shares sold on ASX during the 5 trading days up to and including the Record Date; and if no Shares are sold during that period, the last sale price recorded on ASX prior to the start of that period.
- c) Shares allocated under the **DRP** may, in the Directors' discretion, be existing Shares transferred to Participants, or new Shares issued to Participants. Shares issued or transferred under the **DRP** rank equally with existing Shares from the date of issue or transfer.
- d) Participants will not incur brokerage, commission or other transaction costs associated with their application for, or the transfer or issue to them, of Shares.
- e) Where the **DRP** entitlement formula results in a fraction of a Share, the value of that fraction will be carried forward in your **DRP** account and added to your next dividend for the purposes of calculating your share entitlement.
- f) Shares allocated under the **DRP** will be registered directly in the Participant's holding and a statement will be sent to Participants following each dividend payment. It will indicate details of your participation, any residual amounts carried forward in your **DRP** account, and details of any movements in your shareholding balance.
- g) Participants may join, vary their participation, or withdraw from the **DRP** at any time prior to the Record Date for an allocation under the **DRP** by rendering a Nomination Advice to the Company's share registry. Nomination Advice forms are available from the registered office.
- h) A Share which has ceased to be a Participating Share is not thereby precluded from subsequently becoming subject to the **DRP** (provided that the **DRP** has not

been terminated or suspended) on the terms and subject to the conditions set out in the Rules as amended from time to time.

- i) Shareholders may elect to either participate in the DRP or elect not to participate at all. No partial participation in the DRP will be permitted.
- j) The Directors believe that a Shareholder's tax position in respect of a dividend payment remains unchanged whether or not that Shareholder elects to participate in the DRP but Shareholders should obtain their own tax advice.
- k) Participation in the DRP is entirely voluntary. Shareholders who do not apply to participate in the DRP will continue to be entitled to receive any dividends declared by the Directors in cash (paid by cheque or direct credit to their nominated bank account).
- l) The DRP will not operate in relation to a dividend to the extent that the allotment or issue of Shares under the DRP would breach any applicable law, the ASX listing rules or any provision in the Constitution.
- m) If and to the extent that the DRP ceases to operate, the relevant dividend on Participating Shares must instead be distributed net of any withholding tax (if any) in cash to Participants in the same way as to Shareholders not participating in the DRP.
- n) The Directors of Cyclopharm may implement the DRP in the manner they think fit and may settle any difficulty or dispute which may arise either generally or in a particular case in connection with the DRP as the Directors think fit. The determination of the Directors will be conclusive and binding on all Shareholders and other persons to whom the determination relates.

4.3 Advantages of Introducing a DRP

The following benefits flow from the introduction of a DRP:

- a) Funds that would otherwise be disbursed are retained in the Company.
- b) Participating Shareholders acquire Shares at a discount to market and avoid transaction costs.
- c) Shares issued under a DRP do not dilute the Directors' placement power but rather add to the number of shares available under that power without the need for a resolution to be passed at a Shareholders' meeting.
- d) The holders of small, non-marketable parcels are enabled to top up existing holdings towards achieving a marketable parcel.

4.4 Disadvantages from Introducing a DRP

The only potential downside that flows from the introduction of a DRP is that:

- a) There is a relatively minor dilutive effect as no DRP has a 100% take-up rate by Shareholders.
- b) Subject to the level of franking, some Shareholders may find they need to borrow funds to pay the tax on the non-cash dividend.

4.5 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

5. GLOSSARY OF TERMS

In this explanatory statement, the following expressions have the following meanings:

Annual Report means the report to Shareholders containing, amongst other things, the financial statements, report of the Directors, the remuneration report and the report of the Auditors to which reference is made in this explanatory statement;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Ltd trading as Australian Securities Exchange;

Auditors means Russell Bedford NSW, Chartered Accountants, the Company's external auditors;

Board means the directors of the Company from time to time;

Company means Cyclopharm Limited ACN 116 931 250 the registered office of which is located at Suite 630, 1 Queens Road, Melbourne, Victoria, 3004 Australia;

Constitution means the Constitution of the Company adopted by the Shareholders dated 31 October 2005;

Corporations Act means the *Corporations Act 2001* (Cth), as amended;

Directors means the directors of the Company from time to time sitting as the Board or individually as the case requires;

DRP means the Dividend Reinvestment Plan to be tabled before Shareholders at the Annual General Meeting to be held at 11.30am on 1 May 2008;

Meeting or **Annual General Meeting** means the annual general meeting of Shareholders convened by the Notice of Meeting;

Notice of Meeting means the notice of annual general meeting dated 26 March 2008 which accompanies this explanatory statement;

Participant means a Shareholder who for the time being participates in the Plan in respect of all the Shares registered in their name and means a person who is the holder of **Participating Shares**;

Record Date means the date when Shareholders on the register are entitled to receive a dividend, determined by the directors and announced to the ASX;

Resolution means an ordinary resolution referred to in the Notice of Meeting;

Share means a fully paid ordinary share in the capital of the Company;

Shareholders means the holders of Shares in the Company as recorded in the register no later than 48 hours before 11.30am on 1 May 2008, the date and time of the 2008 Annual General Meeting; and

Share Registry means Gould Ralph Pty Ltd of Level 42, Suncorp Place, 259 George Street, Sydney, NSW, 2000.

6. SHAREHOLDER ENQUIRIES

Shareholders with questions regarding this Notice of Meeting and Explanatory Statement should contact the Company Secretary on +61 3 9867 2811 during normal office hours, contact details as shown below. He will attempt to answer your questions or refer you to someone who can do so, but no person is authorised by the Company to give any information, or make any representation, in connection with the Notice or Explanatory Statement not contained in them.