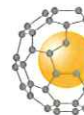


ASX AND MEDIA RELEASE

cyclopharm

Nuclear Medicine



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cyclomedica
molecularimaging
technegas

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CYCLOPHARM TO LIST OVERSUBSCRIBED

Cyclopharm Limited (ASX: CYC), an emerging global supplier of radiopharmaceuticals for use in nuclear medicine will list tomorrow (Thursday, January 18).

Cyclopharm was established in 2005 to acquire the profitable Technegas business that has been operating successfully in the nuclear medicine sector for the past 20 years. The nuclear medicine segment is one of the fastest growing areas within healthcare.

The \$11 million initial public offering of 36.66 million Cyclopharm shares has been supported by key institutional clients of the Lead Manager, Shaw Corporate Finance Pty Ltd.

The market capitalisation of Cyclopharm on listing at the issue price of 30 cents will be \$40.7 million. The company has forecast net profit for the year to 30 June 2007 of \$3.26 million and a dividend of 1.0 cent per share.

Cyclopharm's Managing Director Mr John Sharman said,

"Proceeds from the IPO are in part earmarked for expansion of the company's activities into Molecular Imaging. This involves establishing three central radiopharmacies in the short term in Australia to produce radiopharmaceuticals for use in positron emission tomography (PET) which is used to detect cancers and tumours. Cyclopharm will also distribute the equipment to manufacture PET radiopharmaceuticals in Asia."

"Our proprietary lung radiopharmaceutical that is known as Technegas is sold in more than 900 hospitals in 49 countries. The company will also pursue opportunities to further expand Technegas into new geographic regions including the US."

"Now that we are listed on ASX we can pursue our stated strategy to become the region's leading radiopharmaceutical company," Mr Sharman said.

Nuclear Medicine, a specialty in medical practice, provides non-invasive diagnosis and staging of patient suffering from major diseases such as cancer, cardiology, and dementia. Advances in the field have focused the diagnostic methods on disease targeting radiolabeled drugs. The availability of such drugs provide the medical practitioner with effective ways to gather information on virtually every organ system in the human body that may otherwise be unavailable or require more expensive and risky diagnostic testing.

“In commenting on the growth potential of Technegas into new markets, John Sharman, Cyclopharm’s Managing Director said,

“Should our application to sell Technegas in the US be successful we will have access to the world’s largest market where about 2 million lung studies are performed annually.”

“We believe the float will enable us to ultimately create a world class position in Australia by establishing and operating central radiopharmacies to produce radiopharmaceuticals for use in Positron emission tomography (PET) studies. The community at large will benefit enormously as PET is a key test to detect and monitor cancer, neurological disorders and cardiac disease.”

Whilst this area is one of the fastest global growth areas of nuclear medicine, it remains largely undeveloped in Australia.

John Sharman said,

“CYC has plans to establish 3 PET central radiopharmacies on the East Coast of Australia, the first scheduled for 2008, using technical expertise under exclusive licence from Cyclopharma Laboratories SA, a leading European molecular imaging group.

For further information on the company please visit www.cyclopharm.com.au

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Managing Director

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Background Notes for Editors:

ABOUT CYCLOPHARM LIMITED (CYC)

Cyclopharm manufactures and distributes radiopharmaceuticals, which are consumables used in nuclear medicine. The company’s principal business is a lung ventilation imaging drug “Technegas” which is used to diagnose lung diseases. Technegas is marketed in 49 countries, the largest being France, Canada and Germany, and is a recognised market leading technology. FDA approval is currently being sought which will enable the product to be sold in the USA, the world’s largest market.

Cyclopharm raised \$11 million through its December 2006 IPO that will fund an expansion of the company’s activities into Molecular Imaging. Facilities will be established in Australia to produce radiopharmaceuticals for use in positron emission tomography (PET) in the diagnosis and patient staging with cancer, cardiac or neurological disease. Cyclopharm will also distribute in Asia the equipment to manufacture PET radiopharmaceuticals.

Cyclopharm was established in 2005 to acquire the Technegas business which been profitable for many years. In 2007, operating revenue is expected to be around \$12 million and net profit of \$3.26 million has been forecast.

KEY ATTRACTIONS TO CYCLOPHARM

- Technegas has a 20 year track record of successful operations within the rapidly expanding nuclear medicine sector, backed by experienced and capable Board and Management team
- Cyclopharm holds a leading position in Europe and Asia Pacific and an increasing presence in growth markets, such as Canada and China
- Cyclopharm has a record of consistent revenue and profit, with forecast profit now increasing from \$2.1m in 2006 to \$3.3m in 2007
- The Technegas operations will continue to expand with penetration into new countries and region
- Cyclopharm has an attractive valuation, compared to the Healthcare and general markets and comparable companies, both within Australia and overseas

TECHNEGAS

Technegas uses a well established technique in nuclear medicine for lung ventilation studies. The Technegas technology is based on an ultra-fine gaseous dispersion of radioactive labeled carbon, produced by flash evaporation of Technetium-99m in a carbon crucible using a micro furnace seconds at around 2,500°C. The resultant radiolabeled gaseous substance is inhaled by the patient via a breathing apparatus. The patient is then studied with a single photon emission computed tomography (SPECT) imaging system at multiple views to determine the presence and extent of pulmonary emboli (blood clots in the lungs).

The Technegas System consists of the Technegas generator and an associated single use consumable (patient administration set). This consumable consists of a carbon crucible, plastic patient administration set and filters. Each time a patient undergoes a Technegas procedure, a single use consumable is used. In 2005, 155,100 patient administration sets were sold.

POSITRON EMISSION TOMOGRAPHY (PET)

PET radiopharmaceuticals target specific tissues / organs, concentrate there, and the attached radioisotope emits radiation, which is then detected by either PET or PET / CT gamma (collectively PET camera). These imaging modalities then reconstruct the data and an image is produced providing details of the target tissues / organ under examination.

PET's whole-body imaging capability helps physicians improve their ability to non-invasively detect and determine the location, extent and stage of cancer, neurological disorders and cardiac disease. This, in turn, aids the physician to select the best course of treatment and to further assess the efficacy of the administered treatment for further staging. PET imaging is increasingly being accepted world wide as "best practise" in terms of treating and monitoring cancer patients.

MOLECULAR IMAGING

Cyclopharm Group plans to initially establish, own and operate 3 PET central radiopharmacies in Australia to produce PET radiopharmaceuticals.

Through its Technegas business, Cyclopharm Group has been working closely, as joint venture Partners, with CLSA France since 2000. CLSA France is one of two principal players in the French PET radiopharmaceutical market, with 3 operating PET central pharmacies and a further 6 in the planning stage or under construction. In developing the Australian PET market, Cyclopharm will, through a proposed licensing arrangement, draw upon the technical expertise of CLSA France.

In Australia, demand for PET radiopharmaceuticals produced by the Cyclopharm Group will

largely be driven by the number of PET cameras installed and operating in Australia and the number of medical procedures approved for reimbursement by the public and private healthcare system. In Australia, there were 14 PET cameras installed at the end of 2005 which is equivalent to 1 camera / 1.5 million of population.

In 2000 there was 1 camera / 4.8 million of population in Australia. Whilst there has been significant improvement in the camera / per capita ratio over the past 5 years, Australia compares unfavorably to other major western countries. Refer to Figure below for details.

PET Cameras Available to the Public

	2000		2005		Growth
	Cameras	No. of people	Cameras	No. of people	
USA	1	1.88 million	1	0.17 million	10.9x
Germany	1	3.76 million	1	0.82 million	4.6x
France	1	14.83 million	1	1.06 million	13.9x
Australia	1	4.78 million	1	1.44 million	3.3x
UK	1	9.81 million	1	4.03 million	2.4x