

29th May 2013

Important milestones in nuclear medicine

Cyclopharm Limited (CYC) is an Australian-based company manufacturing and selling nuclear medicine equipment, radiopharmaceuticals and related research and development services. The company specializes in imaging of lungs (Technegas system) and molecular imaging radiopharmaceuticals used in cancer, brain and cardiac imaging. The manufacturing of equipment is outsourced while the final assembly takes place in the company's facilities located in Sydney and Europe. CYC's target customers are nuclear medicine departments in hospitals and clinics.

The company's main product – Technegas – was developed in 1984. Since then, nearly 1,300 Technegas systems have been sold around the world and more than 3 million Technegas patient studies have been performed.

Recent Developments

In May 2013 the company announced Technegas may be effectively used for the diagnosis and management of Chronic Obstructive Pulmonary Disease (COPD). The testing of Technegas for diagnosis of COPD will be performed on 500 patients in a clinical trial in China.

In April 2013 CYC announced about the development of a proprietary patented technology – Ultralute, which lengthens the useful life of the world's most common nuclear medicine radioisotope by up to 50%.

In November 2012 the company commenced the Phase III Clinical Trial of the Technegas technology at Columbia Presbyterian Hospital in New York. Successful completion of the clinical trials would be a major milestone for the company as it should allow Technegas to be sold on the US market, which "represents 50% of the nuclear medicine departments in the world". CYC expects to enter the US market by 2015. The company also expects regulatory approvals in Japan, Russia, Europe and China which should drive Technegas sales higher.

CYC also reports gradually increasing patient numbers at the Macquarie University Hospital. The company formed a 70% joint venture with the university in 2010.

The company experienced mixed results in 2012 registering a net loss before tax of more than \$1 million caused by \$2.1 million net loss before tax from the Molecular Imaging business – Cyclopet, adversely impacted by the "unfair" actions of a government authority. Cyclopet's losses were partially offset by \$1.1 million profit before tax registered by the Technegas division.

SPECULATIVE

Share price:	\$0.17
ASX Code:	CYC
Market Cap: (undiluted)	\$9.57M
Shares on Issue:	56.34M
Principal activities:	Medical equipment

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Value Set Catalysts

Clinical trials to enter the US market, applications for approvals in Japan and Russia. New application of Technegas for COPD with trial underway in China.

BULLS

Working on entering new markets.

Geographic diversification.

Multiple applications of the Technegas technology.

Research and development activities yielding new product innovation

BEARS

The clinical trials take time and may not be successful.

Regulatory risks.

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