ATCOR MEDICAL HOLDINGS LIMITED

ANNUAL REPORT 2013

CONTENTS

AtCor Medical has established its SphygmoCor® technology as the global gold standard in non-invasive assessment of aortic central blood pressure and arterial stiffness in the research, pharmaceutical clinical trial and clinical practice markets.

As non-invasive assessment continues its steady progress from the world of science into the world of patient care, our goal is to maintain our leadership position as central pressures and arterial stiffness measurement become the standard of care in cardiovascular risk assessment and patient management.

Leading change in cardiovascular medicine

HIGHLIGHTS OF THE YEAR

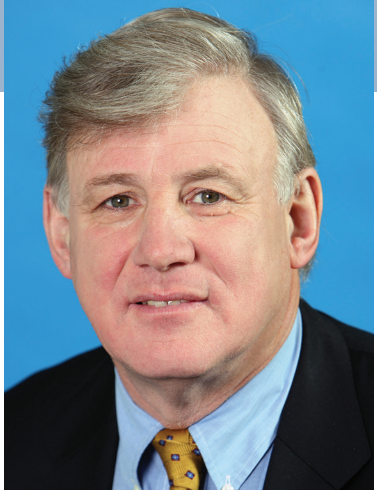
- US CPT III code to cover SphygmoCor test awarded. Effective from 1 January 2013.
- $2.7 million maiden profit reported for FY13. Sales growth of 41% to $9.1 million.
- Four consecutive quarters of positive cash flow. Net operating cash inflows of $1.8 million.
- FDA clearance granted for SphygmoCor XCEL in November 2012, allowing AtCor to market the system in USA. Also received approvals in South Korea, Thailand, Singapore, Indonesia and Malaysia.
- New studies supporting the use of central aortic blood pressure in clinical practice published.

ATCOR MEDICAL'S TECHNOLOGY

More and more the importance of measuring central aortic blood pressure is being reinforced at scientific and medical conferences. This is also a key source of leads for the AtCor sales teams.

AtCor's Chinese distributor, Angy Medical exhibited SphygmoCor at the China International Medical Equipment Fair, the second largest medical equipment exhibition in the world.

Doug Kurschinski – Senior Vice President & General Manager, AtCor Medical, Inc demonstrates pulse wave velocity using the SphygmoCor XCEL system to a doctor at the European Society of Hypertension meeting.



DONAL O'DWYER

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder,

I want to begin by thanking you, our shareholder, for your continued support – without such support it would be very difficult for your company to execute on its strategies.

The year ended June 30, 2013 was very significant for AtCor. We reported, I believe, pleasing financial results, and continued to make good progress on the key initiatives that will ensure a bright and sustainable future for your company.

The case for the beneficial use of the SphygmoCor technology continues to be strong and growing. As the demands and cost pressures placed on healthcare systems around the world increase, it is clear that new, more efficient ways of managing disease states need to be adopted. SphygmoCor is well placed to play an important role. The ability to measure central aortic blood pressure non-invasively allows physicians to intervene at an earlier stage in the progression of a disease, such as circulatory disease, thereby ensuring that effective healthcare can be managed using less expensive methods than are currently practiced today.

As I have already mentioned, we reported solid results for the year. We achieved our maiden profit, generated cash and had strong sales growth. We also maintained a robust gross margin and demonstrated excellent management of operating expenses. This resulted in a substantial improvement of the company's overall financial position, and further confirmed the unequivocal belief of both the board and AtCor's management in the sustainability of our technology and business.

Additionally, very good progress was made on several fronts which are important to our future. Some of these initiatives include progress on reimbursement in the USA, clearance for sale of our new SphygmoCor XCEL system in the USA and building our intellectual property portfolio. The value of our products is supported by a growing body of medical literature, reflecting work using the SphygmoCor technology. It is also evident through related progress in important product development programmes and business development initiatives.

As we look to 2014 and beyond, the achievements of the past year place us in a good position to capitalise on market opportunities. We are clear on the initiatives and strategies we need to pursue, and our management is determined to execute on these initiatives in a flawless manner. We are encouraged by the increasingly competitive exchange rate of the Australian dollar compared to the US dollar, and if this position continues to improve it will benefit our trading conditions.

Finally, I want to thank all of our employees and associates for their enormous efforts during the past year, as well as our customers, who are leading the way in the treatment of hypertension and cardiovascular disease. The board truly values your dedication and commitment.

Donal O'Dwyer
Sydney, Australia

29 August, 2013

DUNCAN ROSS

LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholder,

I am pleased to update you on a very strong and transformative performance by AtCor Medical. The company fully achieved its stated 2013 goal of becoming a self-sustaining enterprise. Our sales increased by more than 40% and this, together with a continued focus on expense management, delivered strong positive earnings and positive cash flow each quarter. During the year AtCor achieved a number of important initiatives and advanced many others. This has set the stage for continued momentum and success as we build the company to realise its full commercial potential.

Achievements included:

- The official launch of the CPT III code covering the SphygmoCor® test from 1 January, with the US Renal Physicians Association;
- US FDA clearance to market our new SphygmoCor XCEL system;
- 153 new clinical studies published that used SphygmoCor, adding significantly to our evidence for use in clinical practice;
- Two new patents published bringing AtCor's IP portfolio to 8.

Initiatives that advanced during the year included:

- Further product development of our joint technology under the SunTech Medical alliance;
- Implementation of our strategy to drive reimbursement under the new US CPT code in select Medicare regions;
- New resources allocated to the business development of our pharmaceutical business, including expanding the disease states covered and targeting new companies to expand our customer base;
- New intellectual property under review or in development;
- An US marketing alliance with an urology disease management company, Xion Medical, to market SphygmoCor to urology specialists signed in June 2013.

FY2013 RESULTS

AtCor's FY2013 sales were $9.1 million, up 41% (up 39% on a constant currency basis) compared to the prior period. Record global pharmaceutical sales rose 69% to US$6.1 million and US non-pharmaceutical sales increased 21% to US$1.7 million, also a record. This was driven by strong sales to researchers including a US Government funded study and growth in clinical practice sales to medical specialists such as cardiologists, nephrologists and hypertension specialists. Clinical practice sales were especially strong in H2 with the commencement of the new CPT lll code and launch of SphygmoCor XCEL.

Sales in Australia and New Zealand grew following the launch of AtCor's new SphygmoCor XCEL in May 2012, and were up 77%. Asian sales declined, with registration of the new XCEL device still pending in several countries including China. AtCor's European sales declined compared to prior year, reflecting difficult economic conditions especially in southern Europe. Following the resizing of AtCor's European business to match demand, Europe returned to contributing positive earnings for the year.

Gross margin was a healthy 86.6%, up from 84.4% in prior year. Improvement came from both volume and product mix. Expenses were 16% below prior year; and 14% below prior year in constant currency terms. Net income was $2.7 million, compared to a reported loss of $2.0 million in FY2012. Cash at 30 June was $2.9 million, compared to $1.1 million at 30 June 2012, and net cash inflows from operating activities for the year were $1.8 million, compared to net cash outflows from operating activities of $1.2 million in FY2012. Net tangible assets per share increased from 1.3 cents in FY2012 to 3.2 cents.

The AtCor team is enthused as we head into the new fiscal year. Taken together, the market potential of the two market segments on which AtCor is most focused – medical specialists and pharmaceutical clinical trials – are valued at over US$200 million per annum. Further, the clinical primary care market is valued at over US$250 million per year. The opportunity is significant as we are still very much in the early days of the adoption of AtCor's technology.

STRATEGIC OVERVIEW & HIGHLIGHTS

In February 2011, AtCor identified four core pillars of focus to establish a foundation for midterm success and sustainable long term growth and value creation.

- **Pillar 1 – Develop and launch an easier to use cuff based device**: As the established global gold standard and market leader in the measurement of central blood pressure and arterial stiffness, it became clear to us that in order to sustain and grow this position, AtCor needed to develop an easier to use device. This was supported by feedback from our customers; ease of use was viewed as a major obstacle to adoption of SphygmoCor in clinical practice. Exploiting AtCor's core competence in signal processing and waveform analysis, we have been able to develop this easier to use device without any compromise of the quality of the central arterial waveforms and reported metrics that we provide. No competitor has been able to achieve this level of waveform quality nor the breadth of reported metrics in a cuff based device. Market feedback has been exceedingly positive from all customer segments; clinical practice, research and pharmaceutical clinical trials. Additional updates to SphygmoCor XCEL are planned to further differentiate and better serve market segments. SphygmoCor XCEL has received regulatory clearance for sale in Europe, the US, Australia and select Asian markets, including most recently South Korea. Registration applications are active in China, Canada and Mexico.

- **Pillar 2 – Successfully secure a US CPT code covering the SphygmoCor test**: The CPT III code (Common Procedural Terminology category III) to cover the SphygmoCor test, filed for by the US Renal Physicians Association in 2012 with the American Medical Association (AMA), became effective from 1 January 2013. The code now allows US physicians the opportunity to file reimbursement claims related to central aortic blood pressure assessment. This was a significant milestone in SphygmoCor's path to greater clinical adoption. A CPT code does not automatically guarantee reimbursement. It is a time intensive process to negotiate with payers through supporting specialist clinicians for reimbursement, which is most effectively achieved at the regional level. The AtCor field team is currently working with key opinion leading physicians in four Medicare regions, covering 20.5 million lives of which an estimated 58% have hypertension, to garner full coverage. There are 10 Medicare regions and securing coverage in at least two of these is an important objective to facilitate more widespread use of SphygmoCor, as this will allow the Renal Physicians Association to file for the more robust CPT category I code. Full details of the process are available on line in our July Investor update.

- **Pillar 3 – Pharmaceutical trials expansion**: The pharmaceutical trials market is important for both our near- and long-term business success. In the near term, this market is responsible for over 60% of AtCor's revenue and provides an important source of cash generation. In the long term, this market has an annual potential of over US $100 million per year for SphygmoCor devices and services. AtCor has earned a solid reputation in this market through focusing on key value drivers, particularly the quality of our people and services coupled with the global reference standard status of the SphygmoCor system. This has been rewarded by multiple repeat contracts and contract expansions. To date, AtCor has successfully completed, or has in process, over 30 clinical trials with more than 9,500 clinical trial subjects enrolled. To further expand this business, AtCor invested additional business development resources over the past 9 months to both enlarge our opportunity with new pharmaceutical companies and to expand into new therapeutic areas with both new and existing customers. In addition to achieving record pharmaceutical sales revenue in fiscal 2013, AtCor has built its potential deal pipeline to US $13.6 million. Our team is relentlessly focused on product and service innovation, and will continue to expand the breadth of our offerings to these important customers.

- **Pillar 4 – Leverage Technology and IP – SphygmoCor is a platform technology**: AtCor retains 8 commercially relevant patents in multiple geographies. Additional IP is in development. Our core competence of physiological waveform capture and analysis does not limit the technology to current applications. We realise that as a small organisation, our focus must be maintained. Effective partnering, therefore, provides us the ability to build further competitive strength in our current market segments and can be leveraged to develop new market opportunities. One example is our global alliance with SunTech Medical. Our first jointly developed and branded product is expected to launch within the next 12 months.

  Cardiac rhythm management represents a new potential market for AtCor. After securing our intellectual property (IP) and conducting a small clinical trial that showed the clear advantages to using SphygmoCor compared to current methods, we are gearing up to commence a joint clinical trial with major medical device company in 2013.

  Our work in cerebral vascular and intensive care medicine is another promising application. We are working with Macquarie University to develop this opportunity and conducting a parallel investigation with a European-based device company.

  Clinical evidence in support of clinical adoption continues to be robust. Out of more than 700 papers so far supported by SphygmoCor technology, 153 reported in the past 12 months. Several important papers are scheduled for publication this year, including one that will include a detailed economic report on potential savings to the healthcare delivery system.

LOOKING FORWARD

Market drivers continue to indicate that AtCor's long-term growth is sustainable. Increasingly, our healthcare delivery system is finding that it is more effective to detect potential clinical problems and intervene earlier, rather than pay for remedies once diseases are already advanced. Governments and the private sector continue to wrestle with exploding health care costs. In the United States alone, over US$500 billion is spent annually on cardiovascular disease management and US$200 billion more on indirect economic costs. There is both an economic and moral imperative for change, as late-stage disease intervention is simply unsustainable. Our growth initiatives – simplifying the use of our product, encouraging support by key physician groups and coding, establishing important strategic alliances, expanding disease states covered and pursuing an expanding number of companies engaged in pharmaceutical research – all generate increasing demand for SphygmoCor technology and services.

We are now charged with building on the established momentum from FY 2013. We have turned a corner. Our aim is to continue to generate positive sales growth and cash flow while building the company to its full economic potential. Through AtCor's own areas of focus and the opportunities forged by our strategic alliances, the company is well positioned to grow profitably. We have established core competencies in effective product development and market execution. We do not allow expense investment to get ahead of revenue. As opportunities arise, we have displayed the ability to respond quickly.

AtCor's team of 31 dedicated professionals are focused, energised and driving the business to achieve its full potential. We are focused on the company's growth and we will keep you informed of progress in what we expect will be another good year for the business. Thank you for your continued support.

Sincerely,

Duncan R. Ross
Chicago, Illinois USA

29 August, 2013

ANNUAL FINANCIAL REPORT 2013

CONTENTS

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of AtCor Medical Holdings Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

DIRECTORS

The following persons were directors of AtCor Medical Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

D O'Dwyer
D.R Ross
M.F O'Rourke
P.R Jenkins
D.L Brookes

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted of designing, manufacturing and marketing medical devices for use in cardiovascular management.

DIVIDENDS – ATCOR MEDICAL HOLDINGS LIMITED

No dividend was paid during the financial year and the directors do not recommend payment of a dividend.

REVIEW OF OPERATIONS

The Group recorded sales of devices and services to hospitals, research institutions, pharmaceutical companies and clinicians during the year of $9,055,721 (2012: $6,441,493). The profit for the year after income tax amounted to $2,734,023 (2012: loss of $1,985,519). Further information on the operations and financial position of the Group and its business strategies and prospects is set out in the CEO's report on pages 4-6 of this annual report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group is not subject to any specific environmental legislation or regulations.

INFORMATION ON DIRECTORS

Donal O'Dwyer BEng, MBA.
Chairman – Independent non-executive. Age 60.

Experience and expertise

Independent director of the Group since September 2004 and chairman since November 2004. Extensive experience in the cardiovascular sector. Prior to joining the AtCor Board he was worldwide President of Cordis Cardiology, the cardiology division of Johnson & Johnson.

Other current directorships

Non-executive director for 3 other listed public companies: Cochlear Ltd, Mesoblast Ltd and Fisher & Paykel Healthcare Corporation Ltd.

Former directorships in last 3 years

Sunshine Heart Inc.

Special responsibilities

Chairman of the Board
Member of audit and risk committee
Member of remuneration and nomination committee

Interests in shares and options

Direct: 400,000 options over ordinary shares in AtCor Medical Holdings Limited

Indirect: 4,117,322 ordinary shares in AtCor Medical Holdings Limited

Duncan R. Ross BS
Managing Director and CEO. Age 55.

Experience and expertise

Executive director of the Group since November 2006.
29 years in life sciences and medical device industry. Most recently Group President Fisher Scientific Inc and Apogent Technologies Inc prior to joining AtCor Medical.

Other current directorships

None

Former directorships in last 3 years

None

Special responsibilities

CEO

Interests in shares and options

Direct: 2,103,052 ordinary shares in AtCor Medical Holdings Limited

5,400,000 options over ordinary shares in AtCor Medical Holdings Limited

Indirect: Nil

Dr Michael O'Rourke A.M. MD, DSc
Non-executive director. Age 76.

Experience and expertise

Co-founder and inventor of the core technology for the SphygmoCor system. Co-author of the standard reference textbook McDonald's Blood Flow in Arteries. He also serves on the editorial Boards for the American Heart Association journal Hypertension, and on the editorial Boards of Journal of Hypertension, American Journal of Hypertension and Journal of American Society of Hypertension.

Other current directorships

Victor Chang Foundation

Former directorships in last 3 years

None

Special responsibilities

None

Interests in shares and options

Direct: Nil ordinary shares in AtCor Medical Holdings Limited

200,000 options over ordinary shares in AtCor Medical Holdings Limited

Indirect: 10,411,396 ordinary shares in AtCor Medical Holdings Limited

Peter Jenkins DSc (honorary)
Independent non-executive director. Age 78.

Experience and expertise

Has served on the AtCor Group's Board since 2000, including 4 years as chairman. Consultant to Colonial First State Private Equity until his retirement in December 2005. Previously had over 30 years experience in the pharmaceutical and medical diagnostics industry.

Other current directorships

None

Former directorships in last 3 years

Chairman and non-executive director of Queensland BioCapital Funds Ltd.

Special responsibilities

Chair of remuneration and nomination committee
Member of audit and risk committee

Interests in shares and options

Direct: 1,209,394 ordinary shares in AtCor Medical Holdings Limited

200,000 options over ordinary shares in AtCor Medical Holdings Limited

Dr David Brookes MBBS FACRRM FAICD
Independent non-executive director. Age 53.

Experience and expertise

Independent director for the Group since November 2008.
A Fellow of the Australian College of Rural and Remote Medicine. He currently works as a general medical practitioner and has extensive experience in rural Australia, especially in paediatric and procedural practice.

Other current directorships

None

Former directorships in last 3 years

Non-executive director of Living Cell Technologies Ltd
Non-executive director of Innovance Ltd

Special responsibilities

Chair of audit and risk committee
Member of remuneration and nomination committee

Interests in shares and options

Direct: 158,256 ordinary shares in AtCor Medical Holdings Limited

200,000 options over ordinary shares in AtCor Medical Holdings Limited

Indirect: 750,001 ordinary shares in AtCor Medical Holdings Limited

COMPANY SECRETARY

The company secretary is Peter Manley (BBus, CPA, ACIS). Peter was appointed to the position of company secretary in March 2005. He also holds the position of Chief Financial Officer. Before joining AtCor Medical Holdings Limited he was Company Secretary and CFO for Sirtex Medical Ltd, a publicly listed medical device company. Prior to this he has held financial positions in a variety of large Australian and foreign-owned corporations.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's Board of directors and of each Board committee held during the year ended 30 June 2013, and the numbers of meetings attended by each director were:

					Meetings of Committees			
	Full meetings of directors		Meetings of non-executive directors		Audit and Risk		Remuneration and Nomination	
	A	B	A	B	A	B	A	B
D O'Dwyer (chairman)	8	8	8	8	2	2	2	2
D.R Ross (CEO)	8	8	*	*	**	**	**	**
M O'Rourke	8	8	8	8	**	**	**	**
P.R Jenkins	8	8	8	8	2	2	2	2
D.L Brookes	8	8	8	8	2	2	2	2

A Number of meetings attended
B Number of meetings held during the time the director held office or was a member of the committee during the year
* Not a non-executive director
** Not a member of the relevant committee

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

M O'Rourke retired by rotation as a director and was re-elected on 26 October 2012.

D Brookes retired by rotation as a director and was re-elected on 26 October 2012.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Sharebased compensation

E Additional information.

The information provided under headings A-E includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

A Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

– competitiveness and reasonableness
– acceptability to shareholders
– performance linkage / alignment of executive compensation
– transparency
– capital management.

Alignment to shareholders' interests:

– has company growth as a core component of plan design
– focuses on sustained long-term growth in shareholder wealth
– attracts and retains high calibre executives.

Alignment to program participants' interests:

– rewards capability and experience
– reflects competitive reward for contribution to growth in company value
– provides a clear structure for earning rewards
– provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of ''at risk" rewards.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also refers to external surveys to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors are entitled to receive share options, following approval by the shareholders of AtCor Medical Holdings Limited.

Directors' fees

The current base remuneration was last reviewed with effect from 1 January 2009. Fees are inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at $260,000, excluding share-based payments that are subject to separate shareholder approval.

Executive pay

The executive pay and reward framework has four components:

– base pay and benefits
– short-term performance incentives
– long-term incentives through participation in the AtCor Medical Holdings Employee Share Option Plan, and
– other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. No external remuneration advisors were engaged during the financial year. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

Benefits

Executives receive benefits that may include health insurance and car allowances.

Retirement benefits

Statutory superannuation payments are made quarterly to a fund selected by Australian based executives. Executives may also elect to salary sacrifice additional payments to their fund. No other retirement benefits are offered.

Short-term incentives

Each executive has a target short-term incentive (STI) opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance.

Each year, the remuneration committee considers the appropriate financial targets and performance management objectives (PMOs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the year ended 30 June 2013, the PMOs linked to STI plans were based on group, individual business and personal objectives. The PMOs required performance in growing sales revenue, managing operating expenses and cash, and achieving specific targets in relation to project advancement, as well as other key, strategic non-financial measures linked to drivers of performance in future reporting periods. These PMOs are specific to each of the senior executives and are also varied depending on company performance.

The remuneration committee is responsible for assessing whether the PMOs are met. To help make this assessment, the committee receives detailed reports on performance from management.

The short-term bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the remuneration committee.

The STI target annual payment is reviewed annually.

AtCor Medical Holdings Employee Share Option Plan

Information on the AtCor Medical Holdings Share Option Plan is set out on pages 14 & 15.

Voting and comments made at the AtCor Medical Holdings Limited 2012 AGM

AtCor Medical Holdings Limited received a unanimous "yes" vote on a show of hands and 98% "yes" votes from proxies for its remuneration report for the 2012 financial year. No comments or specific feedback regarding the Group's remuneration practices were received at the AGM or through the year.

Company performance

There is a strong correlation between sales performance and STI payouts, with non-financial targets also being increased or decreased in line with sales outcomes. For FY2013 sales were much stronger than the previous year, though marginally short of budget and resulted in an average STI payout of approximately 75% of target.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of AtCor Medical Holdings Limited and the Group are set out in the following tables.

The key management personnel of the Group are the directors of AtCor Medical Holdings Limited (see pages 8-9 above) and those executives who report directly to the CEO or who have authority to significantly influence the direction of the Group. The executives are:

– Peter Manley – Chief Financial Officer
– Douglas Kurschinski – Senior Vice President & General Manager – AtCor Medical Inc
– Mark Harding – Vice President, Global Marketing & International Sales – AtCor Medical Pty Ltd

The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed Short-term incentives above. Options and bonuses are granted at the discretion of the Board, on recommendation from the remuneration committee. Other elements of remuneration are not directly related to performance.

D Ross and D Kurschinski are paid in USD as they are US-based executives. Changes in base pay and non-monetary benefits are partly attributable to the stronger AUD against the USD through FY13 (Ave rate FY13: 1.0310, FY12: 1.0420).

KEY MANAGEMENT PERSONNEL OF THE GROUP

	Short-term employee benefits			Post-employment benefits	Long term benefits		Share based payment	
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Termination benefits $	Options $	Total $
2013								
Non-executive directors								
D O'Dwyer (Chairman)	95,413	–	–	8,587	–	–	–	104,000
M O'Rourke	42,145	–	–	688	–	–	–	42,833
P.R Jenkins	56,500	–	–	–	–	–	–	56,500
D.L Brookes	51,835	–	–	4,665	–	–	–	56,500
Sub-total non-executive directors	**245,893**	**–**	**–**	**13,940**	**–**	**–**	**–**	**259,833**
Executive directors								
D.R Ross (CEO)	300,824	147,513	17,152	–	–	–	45,822	511,311
Other key management personnel								
P Manley	199,663	36,378	–	16,016	5,849	–	12,384	270,290
D Kurschinski	233,399	93,063	17,142	–	–	–	27,015	370,619
M Harding	210,172	44,826	–	24,546	1,902	–	14,229	295,675
Totals	**1,189,951**	**321,780**	**34,294**	**54,502**	**7,751**	**–**	**99,450**	**1,707,728**
2012								
Non-executive directors								
D O'Dwyer (Chairman)	75,688	–	–	6,812	–	–	–	82,500
M O'Rourke	22,936	–	–	2,064	–	–	–	25,000
P.R Jenkins	45,000	–	–	–	–	–	–	45,000
D.L Brookes	41,284	–	–	3,716	–	–	–	45,000
Subtotal non-executive directors	**184,908**	**–**	**–**	**12,592**	**–**	**–**	**–**	**197,500**
Executive directors								
D.R Ross (CEO)	297,902	10,936	14,470	–	–	–	33,862	356,630
Other key management personnel								
P Manley	192,557	1,603	–	15,775	6,487	–	11,308	227,730
D Kurschinski	219,871	36,710	14,503	–	–	–	17,234	288,318
M Harding	202,366	19,805	–	25,000	1,300	–	9,136	257,607
Totals	**1,097,604**	**68,514**	**28,973**	**53,367**	**7,787**	**–**	**71,540**	**1,327,785**

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At risk – STI		At risk – LTI	
	2013	2012	2013	2012	2013	2012
Non-executive directors						
D O'Dwyer (Chairman)	100%	100%	–	–	–	–
M O'Rourke	100%	100%	–	–	–	–
P Jenkins	100%	100%	–	–	–	–
D Brookes	100%	100%	–	–	–	–
Executive directors						
D R Ross (CEO)	58%	59%	34%	35%	8%	6%
Other key management personnel						
P Manley	80%	80%	16%	16%	4%	4%
D Kurschinski	62%	66%	31%	30%	7%	5%
M Harding	66%	73%	30%	24%	4%	3%

C Service agreements

Remuneration and other terms of employment for the CEO and the other key management personnel are formalised in employment agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including health insurance and car allowances, and participation, when eligible, in the AtCor Medical Holdings Employee Share Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with variable notice periods, subject to termination payments as detailed below.

D R Ross, CEO

Term of agreement – permanent. Commenced 8 May 2006

Base salary, inclusive of health benefits, for the year ended 30 June 2013 of US$325,051, to be reviewed annually by the remuneration committee.

Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to the 6 months base salary for the remaining term of the agreement.

In the event of a significant change in duties, material diminution in status or responsibilities, or Mr Ross is required to relocate more than 40 miles from his employment location, a 90-day option to exercise termination is available with payment equal to 1 year's base salary.

P Manley, Chief Financial Officer

Term of agreement – permanent. Commenced 28 February 2005

Base salary, inclusive of superannuation, for the year ended 30 June 2013 of $216,707, to be reviewed annually by the remuneration committee.

Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to the 1 month base salary for the remaining term of the agreement.

D Kurschinski, Senior Vice President & General Manager, AtCor Medical Inc.

Term of agreement – permanent. Commenced 12 April 2004

Base salary, inclusive of health benefits, for the year ended 30 June 2013 of US$266,900, to be reviewed annually by the remuneration committee.

Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 1 month's base salary for the remaining term of the agreement. In the event of a change in control and if termination occurs within 90 days of the change of control payment of a termination benefit of equal to 6 month's base salary is payable.

M Harding, Vice President, Global Marketing & International Sales – AtCor Medical Pty Ltd.

Term of agreement – permanent. Commenced 8 September 2008

Base salary, inclusive of superannuation, for the year ended 30 June 2013 of $240,000, to be reviewed annually by the remuneration committee.

Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to the 2 months base salary for the remaining term of the agreement.

D Share-based compensation

Options

Options are granted under the AtCor Medical Holdings Employee Share Option Plan. All staff are eligible to participate in the plan (including executive directors). Options are granted at the discretion of the Board based on recommendations from the remuneration committee.

Options are granted under the plan for no consideration. Options are granted for a 5 year period, and one third of each new tranche vests and is exercisable after each of the first three anniversaries of the date of grant.

The terms and conditions of each grant of options affecting remuneration and were under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
4 Nov 2008	4 Nov 2013	$0.13	$0.06	4 Nov 2009
4 Nov 2008	4 Nov 2013	$0.13	$0.06	4 Nov 2010
4 Nov 2008	4 Nov 2013	$0.13	$0.07	4 Nov 2011
20 Aug 2009	20 Aug 2014	$0.165	$0.07	20 Aug 2010
20 Aug 2009	20 Aug 2014	$0.165	$0.07	20 Aug 2011
20 Aug 2009	20 Aug 2014	$0.165	$0.08	20 Aug 2012
21 Oct 2009	21 Oct 2013	$0.215	$0.06	21 Oct 2010
18 Feb 2010	18 Feb 2015	$0.164	$0.07	18 Feb 2011
18 Feb 2010	18 Feb 2015	$0.164	$0.08	18 Feb 2012
18 Feb 2010	18 Feb 2015	$0.164	$0.08	18 Feb 2013
1 Mar 2010	1 Mar 2015	$0.164	$0.06	1 Mar 2011
1 Mar 2010	1 Mar 2015	$0.164	$0.07	1 Mar 2012
1 Mar 2010	1 Mar 2015	$0.164	$0.07	1 Mar 2013
17 Feb 2011	17 Feb 2016	$0.12	$0.04	17 Feb 2012
17 Feb 2011	17 Feb 2016	$0.12	$0.04	17 Feb 2013
17 Feb 2011	17 Feb 2016	$0.12	$0.05	17 Feb 2014
21 Oct 2011	21 Oct 2016	$0.084	$0.03	21 Oct 2012
21 Oct 2011	21 Oct 2016	$0.084	$0.03	21 Oct 2013
21 Oct 2011	21 Oct 2016	$0.084	$0.03	21 Oct 2014
16 Feb 2012	16 Feb 2017	$0.098	$0.04	16 Feb 2013
16 Feb 2012	16 Feb 2017	$0.098	$0.04	16 Feb 2014
16 Feb 2012	16 Feb 2017	$0.098	$0.05	16 Feb 2015
23 Aug 2012	23 Aug 2017	$0.075	$0.02	23 Aug 2013
23 Aug 2012	23 Aug 2017	$0.075	$0.02	23 Aug 2014
23 Aug 2012	23 Aug 2017	$0.075	$0.03	23 Aug 2015
5 Oct 2012	5 Oct 2017	$0.075	$0.02	5 Oct 2013
5 Oct 2012	5 Oct 2017	$0.075	$0.02	5 Oct 2014
5 Oct 2012	5 Oct 2017	$0.075	$0.03	5 Oct 2015
26 Oct 2012	26 Oct 2017	$0.084	$0.03	26 Oct 2013
26 Oct 2012	26 Oct 2017	$0.084	$0.03	26 Oct 2014
26 Oct 2012	26 Oct 2017	$0.084	$0.03	26 Oct 2015
19 Nov 2012	19 Nov 2017	$0.085	$0.03	19 Nov 2013
19 Nov 2012	19 Nov 2017	$0.085	$0.03	19 Nov 2014
19 Nov 2012	19 Nov 2017	$0.085	$0.03	19 Nov 2015
13 Dec 2012	13 Dec 2017	$0.077	$0.02	13 Dec 2013
13 Dec 2012	13 Dec 2017	$0.077	$0.02	13 Dec 2014
13 Dec 2012	13 Dec 2017	$0.077	$0.02	13 Dec 2015

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share within ten days following the receipt of exercise notice, payment and the original option certificate.

The exercise price of options is to be no less than the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted.

Details of options over ordinary shares in the company provided as remuneration to each director of AtCor Medical Holdings Limited and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of AtCor Medical Holdings Limited. Further information on the options is set out in note 31 to the financial statements.

Options Granted to Directors and other key management personnel under the Employee Share Option Plan since 30 June 2013

1,525,000 options over ordinary shares were issued to key management personnel on 30 August 2013 with an exercise price of $0.139, a 10% premium to the 5 day volume weighted average price. All other terms are as per the ESOP.

Details of Option Values

The numbers of options to purchase ordinary shares held as at the date of this report by each Director of AtCor Medical Holdings and each of the other key management personnel are listed below. When exercisable, each option is convertible into one ordinary share of AtCor Medical Holdings

Name	Financial year granted	# of securities	Exercise price	Expiration date	Vested and exercisable at end of financial year
Directors					
D O'Dwyer (Chairman)	2010	400,000	$0.215	21 Oct 13	400,000
D R Ross (CEO)	2009	1,500,000	$0.13	4 Nov 13	1,500,000
	2012	2,500,000	$0.084	21 Oct 16	833,334
	2013	1,400,000	$0.084	26 Oct 17	–
M O'Rourke	2010	200,000	$0.215	21 Oct 13	200,000
P Jenkins	2010	200,000	$0.215	21 Oct 13	200,000
D Brookes	2010	200,000	$0.215	21 Oct 13	200,000
Other executives					
P Manley	2009	325,000	$0.13	4 Nov 13	325,000
	2010	150,000	$0.164	18 Feb 15	150,000
	2011	300,000	$0.12	17 Feb 16	200,000
	2012	150,000	$0.098	16 Feb 17	50,000
	2013	450,000	$0.075	23 Aug 17	–
D Kurschinski	2009	425,000	$0.13	4 Nov 13	425,000
	2010	250,000	$0.164	18 Feb 15	250,000
	2011	300,000	$0.12	17 Feb 16	200,000
	2012	500,000	$0.098	16 Feb 17	166,667
	2013	1,000,000	$0.075	23 Aug 17	–
M Harding	2010	400,000	$0.165	20 Aug 14	400,000
	2011	200,000	$0.12	17 Feb 16	133,333
	2012	350,000	$0.098	16 Feb 17	116,667
	2013	400,000	$0.075	23 Aug 17	–

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2013 included:

(a) options are granted for no consideration, one third of each tranche vests and is exercisable after each of the first 3 anniversaries of the date of grant

(b) average exercise price: $0.08 (2012: $0.09)

(c) expiry date: 5 years from grant date (2012: 5 years from grant date)

(d) Weighted average share price at grant date: $0.07 (2012: $0.08)

(e) expected price volatility of the company's shares: 60% (2012: 60%)
(f) expected dividend yield: Nil% (2012: nil%)
(g) riskfree interest rate: 3.20% (2012: 4.64%).

Shares provided on exercise of remuneration options

No ordinary shares in the company were provided as a result of the exercise of remuneration options for any director of AtCor Medical Holdings Limited or other key management personnel of the Group in current or previous financial years.

No amounts are unpaid on any shares issued on the exercise of options.

E Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

A bonus structure is used to reward executives for performance against short term (current year) Group and personal goals. Longer term company performance is ensured through participation by executives in the company share option plan.

Details of remuneration: cash bonuses and options

For each cash bonus and grant of options included in the tables on pages 12 and 13, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The options vest in three equal tranches over 3 years, provided the beneficiary is still employed by the Group at the time of vesting. No options will vest if this condition is not satisfied, hence the minimum value of the option yet to vest is nil.

	Cash bonus		Options					
	Paid %	Forfeited %	Financial year granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
D O'Dwyer	–	–	2010	100%	–	2011	–	–
P Jenkins	–	–	2010	100%	–	2011	–	–
M O'Rourke	–	–	2010	100%	–	2011	–	–
D Brookes	–	–	2010	100%	–	2011	–	–
D R Ross (CEO)	79%	21%	2009	100%	–	2010	–	–
				100%	–	2011	–	–
				100%	–	2012	–	–
			2012	100%	–	2013	–	–
				–	–	2014	–	24,480
				–	–	2015	–	26,390
			2013	–	–	2014	–	13,700
				–	–	2015	–	14,874
				–	–	2016	–	15,942
P Manley	85%	15%	2008	100%	–	2009	–	–
				100%	–	2010	–	–
				100%	–	2011	–	–
			2009	100%	–	2010	–	–
				100%	–	2011	–	–
				100%	–	2012	–	–
			2010	100%	–	2011	–	–
				100%	–	2012	–	–
				100%	–	2013	–	–
			2011	100%	–	2012	–	–
				100%	–	2013	–	–

	Cash bonus		Options					
	Paid %	Forfeited %	Financial year granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
			–	–	2014	–	4,524	
			2012	100%	–	2013	–	–
				–	–	2014	–	2,200
				–	–	2015	–	2,346
			2013	–	–	2014	–	3,247
				–	–	2015	–	3,564
				–	–	2016	–	3,853
D Kurschinski	84%	16%	2009	100%	–	2010	–	–
				100%	–	2011	–	–
				100%	–	2012	–	–
			2009	100%	–	2010	–	–
				100%	–	2011	–	–
				100%	–	2012	–	–
			2010	100%	–	2011	–	–
				100%	–	2012	–	–
				100%	–	2013	–	–
			2011	100%	–	2012	–	–
				100%	–	2013	–	–
				–	–	2014	–	4,524
			2012	100%	–	2013	–	–
				–	–	2014	–	7,334
				–	–	2015	–	7,819
			2013	–	–	2014	–	7,216
				–	–	2015	–	7,919
				–	–	2016	–	8,561
M Harding	42%	58%	2010	100%	–	2011	–	–
				100%	–	2012	–	–
				–	–	2013	–	3,549
			2011	100%	–	2012	–	–
				100%	–	2013	–	–
				–	–	2014	–	3,016
			2012	–	–	2013	–	4,760
				–	–	2014	–	5,134
				–	–	2015	–	5,473
			2013	–	–	2014	–	2,886
				–	–	2015	–	3,168
				–	–	2016	–	3,424

Share-based compensation: Options

Further details relating to options are set out below.

	A	B	C	D	E
	Remuneration consisting of options	Value at grant date $	Value at exercise date $	Value at lapse date $	Total of columns B-D $
D O'Dwyer (Chairman)	–	–	–	–	–
D R Ross (CEO)	8%	45,822	–	–	45,822
M O'Rourke	–	–	–	–	–
P Jenkins	–	–	–	–	–
D Brookes	–	–	–	–	–
P Manley	5%	12,384	–	–	12,384
D Kurschinski	7%	27,015	–	–	27,015
M Harding	4%	14,229	–	–	14,229

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.
B = The value at grant date calculated in accordance with AASB 2 Sharebased Payment of options granted as part of remuneration.
C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.
D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Shares under option

Unissued ordinary shares of AtCor Medical Holdings Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
4 November 2008	4 Nov 2013	$0.13	2,935,000
20 August 2009	20 Aug 2014	$0.165	400,000
21 October 2009	21 Oct 2013	$0.215	1,000,000
18 February 2010	18 Feb 2015	$0.164	625,000
1 March 2010	1 Mar 2015	$0.164	150,000
17 February 2011	17 Feb 2016	$0.12	1,785,000
21 October 2011	21 Oct 2016	$0.084	2,500,000
16 February 2012	16 Feb 2017	$0.098	2,215,000
23 August 2012	23 Aug 2017	$0.075	3,700,000
5 October 2012	5 Oct 2017	$0.075	400,000
26 October 2012	26 Oct 2017	$0.084	1,400,000
19 November 2012	19 Nov 2017	$0.085	125,000
13 December 2012	13 Dec 2017	$0.077	350,000
			17,585,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares issued on the exercise of options

No ordinary shares of AtCor Medical Holdings Limited were issued during the year ended 30 June 2013 on the exercise of options granted under the AtCor Medical Holdings Employee Share Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

After the close of the year 1,000,000 options were exercised by employees (option grant date 22 August 2008), two of whom are key management personnel. The company advanced the funds to eligible staff to exercise these for a period of 30 days.

Transaction with directors

A director, M O'Rourke, provided consulting services to the Group as a medical advisor until 31 August 2012, for which he received a monthly retainer. This agreement was based on normal commercial terms and conditions. The amount paid for the year ended 30 June 2013 is $29,659 (2012: $177,955).

Insurance of officers

During the financial year, AtCor Medical Holdings Limited paid a premium of $15,614 to insure the director and secretaries of the company and its Australian based controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

– all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;

– none of the services undermine the general principles relating to auditor independence as set out in the relevant professional requirements, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and nonrelated audit firms:

	Consolidated	
	2013 $	2012 $
Assurance services		
1. Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	113,400	110,000
Total remuneration for audit services	**113,400**	**110,000**
2. Other assurance services		
PricewaterhouseCoopers Australian firm:		
Audit of Commercialisation Australia grant program		
Total remuneration for other assurance services	8,000	–
	8,000	**–**

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Director
Sydney

29 August 2013

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Atcor Medical Holdings Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Atcor Medical Holdings Limited and the entities it controlled during the period.

Michelle Chiang
Partner
PricewaterhouseCoopers

Sydney
29 August 2013

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CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board of Directors has adopted a formal charter that defines the roles and responsibilities of Directors and management. This charter is available on the company website. During the reporting period all senior executives were subject to a formal performance review against defined company and personal objectives.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

AtCor currently has five directors, four of whom are hold non-executive positions and one (Chief Executive Officer) who holds an executive position. Directors' name, position, independence status and additional committee duties are outlined in the table below.

The Board considers the present complement of five directors to be appropriate for the size of the Company and therefore casual vacancies will be filled as and when they arise. The combined skill set of the Directors is also appropriate for the stage of company evolution, with expertise in industry, medical and business management. Individual Directors' experience is outlined in the Directors' Report.

				Sub-Committees	
	Director since	Non-executive	Independent	Audit & Risk	Remuneration & Nomination
Donal O'Dwyer (Chairman)	Jul 2004	Yes	Yes	Yes	Yes
Duncan Ross (CEO)	Nov 2006	No	No	No	No
Peter Jenkins	Jan 1999	Yes	Yes	Yes	Chairman
Michael O'Rourke	Nov 1993	Yes	No	No	No
David Brookes	Sep 2008	Yes	Yes	Chairman	Yes

Independence Criteria

A director will be regarded as independent if that person is a non-executive director and is free from any interest and other business relationship that could materially interfere with that person's ability to act in the best interests of AtCor. Particularly, they must not be or have been:

- a substantial shareholder of AtCor or associated with a substantial shareholder of AtCor;
- an executive of AtCor for the last three years;
- a principal of a material professional advisor or an employee of a material service provider for the last three years;
- a material supplier to or a customer of AtCor or its subsidiaries.

If one of these relationships exists, either directly or through a related party interest, the Board may still consider a director to be independent however it must clearly state the reasons for this decision in the Annual Report. If the independent status of a director is lost this will be disclosed to the market immediately.

A substantial shareholding is considered to be more than 5%.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or Group or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

An "AtCor Code of Business Conduct" has been adopted by the Board, a copy of which may be found on the AtCor website. Directors and staff are also subject to a clearly enunciated share trading policy, also available on the Company website.

Diversity Policy and progress towards gender diversity

The Board has developed and adopted a diversity policy that ensures all personnel within the organisation will be treated with respect and no person will be discriminated against either during their employment or through recruitment action, no matter their gender, age, race, religion, cultural background, marital status, sexual orientation or disability. AtCor recognises there is difficulty achieving diversity across all areas of the company due to the relatively small size of the workforce, but considers increased representation by women to be a desirable outcome. The Board believes a target of 25% representation by women in non-executive directorships and 25% representation in senior and other management roles within 5 years to be achievable.

AtCor currently has four non-executive directors and 28 employees based across two jurisdictions. Since the last report headcount has increased by 2 employees, one each male and female. There were no changes in directors, executives or managers during the year.

Gender diversity statistics are as follows:

	No. of Employees	
	Male	Female
Non-executive directors	4	0
Senior executive officers	4	0
Other managers	5	1
Other employees	14	4
Total Employee	23	5

PRINCIPLE 4: SAFEGUARD INTEGRITY ON FINANCIAL REPORTING

An Audit & Risk Committee has been in place for the full reporting period and comprises 3 independent directors as members, being:

- David Brookes – Chairman
- Donal O'Dwyer
- Peter Jenkins

Details of their qualifications and attendance at committee meetings are detailed on pages 8 to 10 of the Directors' Report. The Committee is subject to an Audit and Risk Committee charter that is published on the AtCor website.

The company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers was appointed as the external auditor in 2005. A change of audit partner was effected in 2012 following the completion of five years as auditor by the previous partner.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 22 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Any information to be disclosed to the ASX is subjected to review and authorisation by at least 2 directors before its release. This ensures that the information released is accurate.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the company's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

AtCor has adopted the Corporations Legislation Amendment (Simpler Regulatory System) Bill 2007 that makes the annual report available on the company's website and only provides a printed copy to those members who elect to receive it in this form.

The website also includes a feedback mechanism and an option for shareholders to register their email address for direct email updates on company matters.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

AtCor is active in communicating with its shareholders, including posting all announcements to a separate section on its website. Additionally, shareholders and interested parties may receive an email notification when announcements have been posted if desired. The company complies with this principle.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Board members receive full reports from all functions within the company each Board meeting which alert directors to specific risks and actions taken to mitigate these risks. A company-wide review of risk is also undertaken periodically and actions taken to mitigate risk where appropriate.

A comprehensive quality system is in place that is reviewed regularly by various regulatory bodies from around the world. This quality system places considerable importance on maintaining a strong control environment.

Due to the company's size no separate internal audit function has been established. Substantive testing is undertaken by external auditors who Directors may contact independently.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

A Remuneration and Nomination Committee has been in place for the full reporting period and comprises 3 independent directors as members, being:

- Peter Jenkins – Chairman
- David Brookes
- Donal O'Dwyer

Details of their qualifications and attendance at committee meetings are detailed on pages 8 to 10 of the Directors' Report. The Committee is subject to a Remuneration and Nomination Committee charter that is published on the AtCor website.

Remuneration principles are disclosed on page 10. An assessment of senior management's performance against set targets is made by the Remuneration Committee at least annually.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
Revenue from continuing operations			
Revenue from sale of goods and services	5	9,055,721	6,441,493
Other revenue	5	1,161	1,214
Total revenue		9,056,882	6,442,707
Other income	6	1,722,916	674,285
Expenses from ordinary activities			
Cost of sale of goods		(1,211,863)	(991,619)
Marketing and sales expense		(3,228,362)	(4,105,686)
Product development and regulatory expense		(1,443,118)	(2,113,466)
Occupancy expense		(141,458)	(158,968)
Administration expense		(2,020,974)	(1,732,772)
Profit/(loss) before income tax	7	2,734,023	(1,985,519)
Income tax expense	8	–	–
Profit/(loss) for the year		2,734,023	(1,985,519)
Other comprehensive income/(loss)			
(items that may be reclassified to profit or loss)			
Exchange differences on translation of foreign operations		(92,343)	(57,557)
Total comprehensive profit/(loss) for the year		2,641,680	(2,043,076)
Total comprehensive profit/(loss) attributable to members of AtCor Medical Holdings Limited		2,641,680	(2,043,076)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic earnings per share	30	1.8	(1.5)
Diluted earnings per share	30	1.8	(1.5)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2013

		Consolidated	
	Notes	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	9	2,874,209	1,117,306
Trade and other receivables	10	2,668,507	1,930,337
Inventories	11	325,794	542,114
Other	12	156,316	142,167
Total current assets		6,024,826	3,731,924
Non-current assets			
Property, plant and equipment	13	350,181	422,793
Intangible assets	14	–	27,041
Total non-current assets		350,181	449,834
Total assets		6,375,007	4,181,758
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,395,037	2,219,118
Provisions	16	40,107	20,067
Total current liabilities		1,435,144	2,239,185
Non-current liabilities			
Provisions	17	60,930	58,153
Total non-current liabilities		60,930	58,153
Total liabilities		1,496,074	2,297,338
Net assets		4,878,933	1,884,420
EQUITY			
Contributed equity	18	32,109,909	31,954,152
Reserves	19(a)	1,621,411	1,516,678
Accumulated losses	19(b)	(28,852,387)	(31,586,410)
Total equity		4,878,933	1,884,420

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Notes	Contributed Equity	Reserves	Accumulated Losses	Total Equity
		$	$	$	$
Balance at 1 July 2011		31,192,352	1,440,661	(29,600,891)	3,032,122
Loss for the year		–	–	(1,985,519)	(1,985,519)
Other comprehensive income		–	(57,557)	–	(57,557)
Total comprehensive income/(loss) for the year		–	(57,557)	(1,985,519)	(2,043,076)
Transactions with equity holders in their capacity as equity holders:					
Capital placement & rights issue (net)	18	761,800	–	–	761,800
Employee share options expensed	19	–	133,574	–	133,574
		761,800	133,574	–	895,374
Balance at 30 June 2012		**31,954,152**	**1,516,678**	**(31,586,410)**	**1,884,420**
Profit for the year		–	–	2,734,023	2,734,023
Other comprehensive income/(loss)		–	(92,343)	–	(92,343)
Total comprehensive income/(loss) for the year		–	(92,343)	2,734,023	2,641,680
Transactions with equity holders in their capacity as equity holders:					
Capital placement & rights issue (net)	18	155,757	–	–	155,757
Share options expensed	19	–	197,076	–	197,076
		155,757	197,076	–	352,833
Balance at 30 June 2013		**32,109,909**	**1,621,411**	**(28,852,387)**	**4,878,933**

The above consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the year ended 30 June 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		8,551,338	7,108,154
Payments to suppliers and employees (inclusive of goods and services tax)		(7,984,799)	(8,850,590)
		566,539	(1,742,436)
Other revenue		1,208,962	558,900
Interest received		1,161	1,214
Net cash inflow/(outflow) from operating activities	29	**1,776,662**	**(1,182,322)**
Cash flows from investing activities			
Payments for property, plant and equipment		(58,051)	(392,289)
Net cash outflow from investing activities		**(58,051)**	**(392,289)**
Cash flows from financing activities			
Net proceeds from issue of shares		(14,428)	761,800
Advance payment for share purchases by Directors (net of costs)		–	170,184
Net cash (outlow)/inflow from financing activities		(14,428)	931,984
Net increase/(decrease) in cash and cash equivalents		1,704,183	(642,627)
Cash and cash equivalents at the beginning of the financial year		1,117,306	1,714,291
Effects of exchange rate changes on cash and cash equivalents		52,720	45,642
Cash and cash equivalents at end of financial year	9	**2,874,209**	**1,117,306**

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of AtCor Medical Holdings Limited and its subsidiaries.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. AtCor Medical Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRSs ensures that the financial report of AtCor Medical Holdings Limited complies with International Financial Reporting Standards (IFRSs).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

b) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AtCor Medical Holdings Limited (''company'' or ''parent entity'') as at 30 June 2013 and the results of all subsidiaries for the year then ended. AtCor Medical Holdings Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(b)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board that is identified as the chief operating decision maker.

e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is AtCor Medical Holdings Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised as follows:

(i) Medical devices

A sale is recorded when goods have been dispatched to a customer pursuant to a sales order and the associated risk has passed to the carrier or customer.

(ii) Services

Revenue from services is recognised over the period that the service is provided.

(iii) Interest

Interest income is recognised when the Group becomes entitled to receive interest. Interest income is recognised at the prevailing interest rates.

g) Government grants

Grants from the government, including the R&D tax concession, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

h) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

i) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

k) Cash and equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement on terms between 30 and 90 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

m) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials only. Costs are assigned to individual items of stock on the basis of weighted average costs.

n) Investments and other financial assets

The Group classifies its other financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date that are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

o) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Manufacturing plant and equipment 3-10 years.
- Furniture, fixtures and equipment 3-5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

p) Intangible assets

(i) Patents

Patents have a finite useful life and are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives. Patents have a useful life of 20 years from grant date.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over the period of the expected benefit, which varies between 5-10 years.

q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

r) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

s) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Share based payments

Share based compensation benefits are provided to employees via the AtCor Medical Holdings Employee Share Option Plan (ESOP). Information relating to this scheme is set out in note 31.

The fair value of options granted under the AtCor Medical Holdings Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of directly attributable transaction costs are credited to share capital.

(v) Termination benefits

Termination benefits may become payable to some employees in the event of termination prior to expiry of their contract or upon change of control of AtCor Medical Holdings Limited or a subsidiary. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of the employees entitled to termination benefits, or when a change of control of a member of the Group is virtually certain. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance sheet date.

v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

w) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included with other receivables or payables on the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, a tax authority are presented as operating cash flow.

x) Parent entity financial information

The financial information for the parent entity, AtCor Medical Holdings Limited, disclosed in note 32, has been prepared on the same basis as the consolidated financial statements.

Tax consolidation legislation

AtCor Medical Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of July 1, 2005.

The head entity, AtCor Medical Holdings Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of AtCor Medical Holdings Limited.

y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the group's accounting for financial assets or liabilities, as the new requirements only affect the accounting for financial assets and liabilities that are designated at fair value through profit or loss and the group does not have any such items in the current reporting period. The group will not be adopting AASB 9 early.

ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. As all entities in the group are 100% owned there will be no change in the way the accounts are presented.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. AtCor has no investments in joint ventures or joint operations so this standard does not apply at this time.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is not impacted by this amendment.

iii) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. AtCor Medical Holdings Limited is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 2 – FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (primarily currency risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and aging analysis for credit risk.

Financial risk management is carried out by the Chief Financial Officer (CFO) and overseen by the Audit & Risk Committee, a subcommittee of the Board of Directors.

(a) Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US Dollar and the Euro Dollar.

The Group's exposure to foreign currency exchange risk at the reporting date was as follows:

	30 June 2013		30 June 2012	
	in USD	in EUR	in USD	in EUR
Trade Receivables	1,621,836	163,566	1,499,736	328,320
Financial Assets	1,845,184	160,781	345,776	68,742
Trade Payables	(117,478)	(25,294)	(496,149)	(46,409)

Sensitivity

Based on the financial instruments held at 30 June 2013, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's pre-tax result for the year would have varied by $407,079/($366,370) (2012: $146,458/($131,813)). Had the Australian dollar weakened/strengthened by 10% against the Euro with all other variables held constant, the Group's pre-tax result for the year would have varied by $48,705/($43,835) (2012: $47,283/($42,555)). The increased exposure is due to increased cash and receivables held in foreign currencies as the business grows offshore.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risk. For banks and financial institutions, only independently rated and reputable parties are accepted. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Terms of trade provided to creditworthy customers are between 30 and 90 days, whilst customers deemed higher risk arrange a letter of credit or prepay for goods.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates their carrying values.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The financial report is prepared on the basis that the Group will continue as a going concern. The cash flow projection and other consideration made by the directors in these circumstances involve estimates and judgements of future cash flow that are believed to be reasonable.

The investment in subsidiaries recorded in the parent entity is based on discounted cash flow calculations that incorporate judgements and estimates of future earnings that are believed to be reasonable.

NOTE 4 – SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board considers the business from a geographical perspective and has identified three reportable segments.

Geographic areas are:

- Americas (includes global pharmaceutical trials business)
- Europe (includes Middle East and Africa)
- Asia Pacific (includes Asia & Australia/NZ)

(b) Segmental information provided to the Board

	Americas $	Europe $	Asia Pacific $	Inter-segment eliminations/ unallocated $	Consolid-ated $
2013					
Sales to external customers	7,615,774	780,603	659,344	–	9,055,721
Intersegment sales	–	–	2,406,556	(2,406,556)	–
Total sales revenue	7,615,774	780,603	3,065,900	(2,406,556)	9,055,721
Other revenue/income	–	–	1,208,977	–	1,208,977
Total segment revenue/income	7,615,774	780,603	4,274,877	(2,406,556)	10,264,698
Segment result	3,764,465	49,751	(1,594,132)	–	2,220,084
Unallocated revenue less unallocated expenses					513,939
Profit before income tax					2,734,023
Income tax expense					–
Profit for the year					**2,734,023**
2012					
Sales to external customers	4,837,545	918,331	685,617	–	6,441,493
Inter-segment sales	–	–	3,112,574	(3,112,574)	–
Total sales revenue	4,837,545	918,331	3,798,191	(3,112,574)	6,441,493
Other revenue/income	24,032	–	535,279	–	559,311
Total segment revenue/income	4,861,577	918,331	4,333,470	(3,112,574)	7,000,804
Segment result	828,279	(214,722)	(2,714,049)	–	(2,100,492)
Unallocated revenue less unallocated expenses					114,973
Loss before income tax					(1,985,519)
Income tax expense					–
Loss for the year					**(1,985,519)**

(c) Notes to and forming part of the segment information

Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an ''arm's length" basis and are eliminated on consolidation.

Segment revenue

Revenues of approximately $5,292,000 (2012: $3,098,000) are derived from two customers. These revenues are attributable to the Americas operating segment.

NOTE 5 – REVENUE

	Consolidated 2013 $	Consolidated 2012 $
From continuing operations		
Sales revenue		
Sale of goods	7,754,219	5,249,187
Sale of services	1,301,502	1,192,306
	9,055,721	**6,441,493**
Other revenue		
Interest	1,161	1,214
	9,056,882	**6,442,707**

NOTE 6 – OTHER INCOME

	Consolidated 2013 $	Consolidated 2012 $
Government grants (note (a))	512,176	558,900
R&D tax concession (note(b))	696,786	–
Foreign exchange gains	510,265	68,939
Others	3,689	46,446
	1,722,916	**674,285**

(a) Government grants

Commercialisation Australia grants of $512,176 (2012: $534,868) were recognised as other income by the Group during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants. In 2012 the US subsidiary received $Nil (2012: $24,032) under the US Government Therapeutic Discovery grant program.

(a) R&D tax concession

A refund of $696,786 was received from the Australian Tax Office under the R&D tax concession program in 2013.

NOTE 7 – EXPENSES

	Consolidated 2013 $	Consolidated 2012 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation on plant and equipment	151,424	136,509
Amortisation of patents and trademarks	27,041	45,675
	178,465	**182,184**
Employee benefit expense	4,738,482	4,615,508
Rental expense relating to operating leases	141,458	158,968
Research and development	1,149,722	1,299,169

NOTE 8 – INCOME TAX EXPENSE

(a) Income tax expense

The income tax expense for the financial year differs from the amount calculated on the profit/(oss). The differences are reconciled as follows:

	Consolidated	
	2013 $	2012 $
Profit/(loss) from continuing operations before income tax expense	2,734,023	(1,985,519)
Tax at the Australian tax rate of 30% (2012: 30%)	820,207	(595,656)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payment	59,123	40,073
Amortisation of intangibles	8,112	13,703
Sundry items	515	373
	887,957	**(541,507)**
Differences in overseas tax rates	(26,144)	34,438
Net adjustment for R&D tax concession	255,488	–
Benefit of tax losses and temporary differences not recognised	–	507,069
Previously unrecognised tax losses now recouped to reduce current tax expense	(1,117,301)	–
Income tax expense	–	–

(b) Tax losses

	Consolidated	
	2013 $	2012 $
Unused tax losses for which no deferred tax asset has been recognised:	23,221,160	26,369,740
Potential tax benefit*	6,966,348	7,910,922

* Tax rate varies between different jurisdictions where the Group has operations (Australia and USA)

This benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

(c) Tax consolidation legislation

AtCor Medical Holdings Limited and its wholly-owned Australian controlled entities are consolidated for income tax purposes. The accounting policy in relation to this legislation is set out in note 1(h).

As at the date of this report the entities in the tax consolidation group had not entered into a tax sharing agreement. No compensation has been received or paid for any current tax payable or deferred tax assets relating to tax losses assumed by the parent entity since implementation of the tax consolidation regime.No compensation has been received or paid for any current tax payable or deferred tax assets relating to tax losses assumed by the parent entity since implementation of the tax consolidation regime.

NOTE 9 – CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2013 $	2012 $
Cash at bank and on hand	2,874,209	1,117,306
	2,874,209	**1,117,306**

(a) Cash at bank and on hand

These are a combination of non-interest bearing and interest bearing at floating interest rates between 0.0% and 0.5% (2012: 0.0% and 0.5%).

NOTE 10 – CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2013 $	2012 $
Trade receivables	2,726,326	1,941,271
Less: Provision for doubtful debts	(57,819)	(69,230)
	2,668,507	1,872,041
Other receivables	–	58,296
	2,668,507	**1,930,337**

(a) Impaired trade receivables

As at 30 June 2013 current trade receivables of the Group with a nominal value of $57,819 (2012: $69,230) were impaired. The amount of the provision was $57,819 (2012: $69,230).

	Consolidated	
	2013 $	2012 $
At 1 July	69,230	248,022
Provision for impairment recognised during the year	–	11,809
Receivables written off during the year as uncollectible	(11,411)	(190,601)
	57,819	**69,230**

The creation and release of the provision for impaired receivables has been included in 'marketing and sales expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 30 June 2013, trade receivables of $166,213 (2012: $274,753) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2013 $	2012 $
0 – 30 days	82,992	71,606
30 – 60 days	24,006	35,620
> 60 days	59,215	167,527
	166,213	**274,753**

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

(d) Fair value, foreign exchange and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group, the credit quality and foreign currency risk of the Group's trade receivables.

NOTE 11 – CURRENT ASSETS – INVENTORIES

	Consolidated	
	2013 $	2012 $
Raw materials and stores – at cost	277,099	376,743
Finished goods at cost	48,695	165,371
	325,794	**542,114**

Inventories recognised as expense during the year ended 30 June 2013 amounted to $750,371 (2012: $522,484). A charge of $10,789 was taken to write-off obsolete inventories in the year ended 30 June 2013 (2012: $37,051).

NOTE 12 – CURRENT ASSETS – OTHER

	Consolidated	
	2013 $	2012 $
Prepayments	117,605	108,027
Other	38,711	34,140
	156,316	**142,167**

NOTE 13 – NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Manufacturing plant and equipment $	Furniture, fittings and equipment $	Devices leased to customers $	Total $
At 1 July 2011				
Cost	241,323	693,300	11,735	946,358
Accumulated depreciation	(168,513)	(532,596)	(2,630)	(703,739)
Net book amount	**72,810**	**160,704**	**9,105**	**242,619**
Year ended 30 June 2012				
Opening net book amount	72,810	160,704	9,105	242,619
Additions	240,127	35,355	116,807	392,289
Exchange differences	–	(54,405)	(5,474)	(59,879)
Write-off	–	(15,727)	–	(15,727)
Depreciation charge	(39,793)	(20,717)	(75,999)	(136,509)
Closing net book amount	**273,144**	**105,210**	**44,439**	**422,793**
At 30 June 2012				
Cost	481,450	658,523	123,068	1,263,041
Accumulated depreciation	(208,306)	(553,313)	(78,629)	(840,248)
Net book amount	**273,144**	**105,210**	**44,439**	**422,793**
Year ended 30 June 2013				
Opening net book amount	273,144	105,210	44,439	422,793
Additions	918	57,133	10,775	68,826
Exchange differences	–	9,439	547	9,986
Depreciation charge	(57,646)	(49,339)	(44,439)	(151,424)
Closing net book amount	**216,416**	**122,443**	**11,322**	**350,181**
At 30 June 2013				
Cost	482,368	725,095	92,490	1,299,953
Accumulated depreciation	(265,952)	(602,652)	(81,168)	(949,772)
Net book amount	**216,416**	**122,443**	**11,322**	**350,181**

NOTE 14 – NON-CURRENT ASSETS – INTANGIBLE ASSETS

Consolidated	Development costs $	Patents $	Total $
At 1 July 2011			
Cost	135,713	90,910	226,623
Accumulated amortisation and impairment	(135,713)	(18,194)	(153,907)
Net book amount	–	**72,716**	**72,716**
Year ended 30 June 2012			
Opening net book amount	–	72,716	72,716
Amortisation charge	–	(45,675)	(45,675)
Closing net book amount	**–**	**27,041**	**27,041**
At 30 June 2012			
Cost	–	90,910	90,910
Accumulated amortisation and impairment	–	(63,869)	(63,869)
Net book amount	**–**	**27,041**	**27,041**
Year ended 30 June 2013			
Opening net book amount	–	27,041	27,041
Amortisation charge	–	(27,041)	(27,041)
Closing net book amount	**–**	–	–
At 30 June 2013			
Cost	–	90,910	90,910
Accumulated amortisation and impairment	–	(90,910)	(90,910)
Net book amount	**–**	**–**	**–**

NOTE 15 – CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2013 $	2012 $
Trade payables	240,599	1,071,266
Other payables	1,154,438	1,147,852
	1,395,037	**2,219,118**

NOTE 16 – CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2013 $	2012 $
Current employee benefits – long service leave	**40,107**	**20,067**

NOTE 17 – NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2013 $	2012 $
Employee benefits – long service leave	**60,930**	**58,153**

NOTE 18 – CONTRIBUTED EQUITY

	2013 Shares	2012 Shares	2013 $	2012 $
(a) Share capital				
Fully paid ordinary shares	**150,765,279**	**147,815,279**	**32,109,909**	**31,954,152**

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$
1 July 2011	Opening balance	134,098,611		31,192,352
22 June 2012	Share placement	13,716,668	$0.06	823,000
	Less: transaction fees on share placement			(61,200)
30 June 2012	Balance	147,815,279		31,954,152
9 August 2012	Share placement	2,950,000	$0.06	177,000
	Less transaction fees on share placement			(21,243)
30 June 2013	Closing balance	150,765,279		32,109,909

During the year ended 30 June 2013 2,950,000 shares were issued to directors following approval at a general meeting of shareholders held on 8 August 2012.

A placement and rights issue was also undertaken during the year ended 30 June 2012, in which 13,716,668 shares were issued via a private placement to sophisticated investors.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Employee Share Option Plan

Information relating to the AtCor Medical Holdings Limited Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 31.

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NOTE 19 – RESERVES AND RETAINED PROFITS

	Consolidated	
	2013 $	2012 $
(a) Reserves		
Share-based payments reserve	1,305,939	1,108,863
Foreign currency translation reserve	315,472	407,815
	1,621,411	**1,516,678**
Movements:		
Share-based payments reserve		
Balance 1 July	1,108,863	975,289
Option expense	197,076	133,574
Balance 30 June	**1,305,939**	**1,108,863**
Foreign currency translation reserve		
Balance 1 July	407,815	465,372
Currency translation differences arising through the year	(92,343)	(57,557)
Balance 30 June	**315,472**	**407,815**
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	(31,586,410)	(29,600,891)
Net profit/(loss) for the year	2,734,023	(1,985,519)
Balance 30 June	**(28,852,387)**	**(31,586,410)**

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

NOTE 20 – DIVIDENDS

No dividends were paid or declared since 30 June 2013 and the directors do not recommend the payment of a dividend. There are no franking credits as at 30 June 2013 (2012: nil).

NOTE 21 – KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated	
	2013 $	2012 $
Short-term employee benefits	1,546,025	1,195,091
Long-term benefits	7,751	7,787
Post-employment benefits	54,502	53,367
Share-based payments	99,450	71,540
	1,707,728	**1,327,785**

The company has taken advantage of the relief provided by Corporations Regulations and has transferred the detailed remuneration disclosures to the Directors' report. The relevant information can be found in the remuneration report section of the Directors' Report.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report section of the Directors' Report.

(ii) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of AtCor Medical Holdings Ltd and other key management personnel of the Group, including their personally related parties, are set out below.

2013	Balance at the start of the year	Granted during the year as compens-ation	Exercised during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of AtCor Medical Holdings Ltd						
D O'Dwyer (Chairman)	400,000	–	–	–	400,000	400,000
D.R Ross (CEO)	5,000,000	1,400,000	–	(1,000,000)	5,400,000	2,333,334
M O'Rourke	200,000	–	–	–	200,000	200,000
P Jenkins	200,000	–	–	–	200,000	200,000
D.L Brookes	200,000	–	–	–	200,000	200,000
Other key management personnel of the Group						
P Manley	1,125,000	450,000	–	(200,000)	1,375,000	725,000
D Kurschinski	2,375,000	1,000,000	–	(600,000)	2,775,000	1,341,667
M Harding	1,250,000	400,000	–	–	1,650,000	950,000
2012						
Directors of AtCor Medical Holdings Ltd						
D O'Dwyer (Chairman)	400,000	–	–	–	400,000	400,000
D.R Ross (CEO)	2,500,000	2,500,000	–	–	5,000,000	2,500,000
M O'Rourke	200,000	–	–	–	200,000	200,000
P Jenkins	200,000	–	–	–	200,000	200,000
D.L Brookes	200,000	–	–	–	200,000	200,000
Other key management personnel of the Group						
P Manley	975,000	150,000	–	–	1,125,000	725,000
D Kurschinski	2,450,000	500,000	–	(575,000)	2,375,000	1,591,667
M Harding	900,000	350,000	–	–	1,250,000	633,334

(iii) Share holdings

The numbers of shares in the company held during the financial year by each director of AtCor Medical Holdings Ltd and other key management personnel of the Group, including their close family members, are set out below. (Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity).

	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
2013				
Directors of AtCor Medical Holdings Ltd				
Ordinary shares				
D O'Dwyer (Chairman)	2,450,655	–	1,666,667	4,117,322
D.R Ross (CEO)	1,269,719	–	833,333	2,103,052
M O'Rourke	10,378,063	–	33,333	10,411,396
P.R Jenkins	1,042,727	–	166,667	1,209,394
D.L Brookes	658,257	–	250,000	908,257
Other key management personnel of the Group				
Ordinary shares				
P Manley	383,334	–	–	383,334
D Kurschinski	408,522	–	–	408,522
M Harding	480,000	–	–	480,000
2012				
Directors of AtCor Medical Holdings Ltd				
Ordinary shares				
D O'Dwyer (Chairman)	2,450,655	–	–	2,450,655
D.R Ross (CEO)	1,269,719	–	–	1,269,719
M O'Rourke	10,378,063	–	–	10,378,063
P.R Jenkins	1,042,727	–	–	1,042,727
D.L Brookes	658,257	–	–	658,257
Other key management personnel of the Group				
Ordinary shares				
P Manley	216,667	–	166,667	383,334
D Kurschinski	408,522	–	–	408,522
M Harding	280,000	–	200,000	480,000

(c) Other transactions with key management personnel

(i) A director, M O'Rourke, provided consulting services to the Group as a medical advisor until 31 August 2012, for which he received a monthly retainer. This agreement was based on normal commercial terms and conditions. The amount paid for the year ended 30 June 2013 is $29,659 (2012: $177,955)

Aggregate amounts of each of the above types of other transactions with key management personnel of AtCor Medical Holdings Limited:

	2013 $	2012 $
Amounts recognised as expense		
Consulting fees	29,659	177,955
	29,659	**177,955**

Aggregate amounts payable to key management personnel of the Group at balance date relating to the above types of other transactions:

	2013 $	2012 $
Current liabilities	**–**	**204,313**

NOTE 22 – REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2013 $	2012 $
Audit services		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	113,400	110,000
Other assurance services		
PricewaterhouseCoopers Australian firm		
Audit of Commercialisation Australia grant - 2012	8,000	–
Total remuneration for assurance services	**121,400**	**110,000**

NOTE 23 – CONTINGENCIES

(a) Contingent liabilities

No contingent liabilities exist at this time.

(b) Contingent assets

No contingent assets exist at this time.

NOTE 24 – COMMITMENTS

(a) Lease commitments : Group as lessee

	Consolidated 2013 $	Consolidated 2012 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	95,915	45,188
Later than one year but not later than five years	195,363	260,971
More than five years	–	–
	291,278	**306,159**

NOTE 25 – RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity within the Group is AtCor Medical Holdings Limited. The ultimate Australian parent entity is AtCor Medical Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 21 and in the remuneration report within the Directors' Report.

NOTE 26 – SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name of entity	Country of incorporation	Class of shares	Equity holding * 2013 %	Equity holding * 2012 %
AtCor Medical Pty Limited	Australia	Ordinary	100%	100%
AtCor Medical Inc.	USA	Ordinary	100%	100%
AtCor Medical UK Limited	United Kingdom	Ordinary	100%	100%

* The proportion of ownership interest is equal to the proportion of voting power held.

NOTE 27 – ECONOMIC DEPENDENCY

The Group depends upon single suppliers of some key components for its SphygmoCor device due to manufacturing specifications requiring these particular components.

NOTE 28 – EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstances has arisen since 30 June 2013 that has significantly affected or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in the future financial years, or

(c) the Group's state of affairs in future financial years

NOTE 29 – RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2013 $	2012 $
Profit/(loss) for the year	2,734,023	**(1,985,519)**
Depreciation and amortisation	178,465	182,184
Assets written off	–	15,727
Non-cash employee benefits expense – share-based payments	197,076	133,574
Exchange difference	4,361	2,322
Change in operating assets and liabilities:		
(Inecrease)/decrease in trade and other receivables	(738,170)	764,201
Decrease/(Increase) in inventories	216,320	(250,394)
Decrease/(Increase) in other operating assets	(14,149)	47,643
(Decrease) in trade and other payables	(824,081)	(115,861)
Increase in other provisions	22,817	23,801
Net cash inflow/(outflow) from operating activities	**1,776,662**	**(1,182,322)**

NOTE 30 – EARNINGS PER SHARE

	Consolidated 2013 cents	Consolidated 2012 cents
(a) Earnings per share		
Basic earnings per share	1.8	(1.5)
Diluted earnings per share	1.8	(1.5)
(b) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit/(loss) from continuing operations	2,734,023	(1,985,519)
Diluted earnings per share		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company used in calculating earnings per share	2,734,023	(1,985,519)

	Consolidated 2013 Number	Consolidated 2012 Number
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	150,450,074	134,398,421
Adjustments for calculation of diluted earnings per share:		
Options	–	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	150,450,074	134,398,421

(d) Information concerning the classification of securities

(i) Options

Options granted to employees under the AtCor Medical Holdings Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 31.

No options granted are included in the calculation of diluted earnings per share because they are not dilutive for the year ended 30 June 2013.

NOTE 31 – SHARE-BASED PAYMENTS

(a) Employee Share Option Plan (ESOP)

The AtCor Medical Holdings Employee Option Plan was approved by shareholders at the 2005 annual general meeting and amendments were approved at the 2006 & 2008 annual general meetings. All staff are eligible to participate in the plan at the discretion of the directors (including executive directors) following recommendations from the remuneration committee, a sub-committee of the AtCor Medical Holdings Limited Board of Directors.

Options are granted under the plan for no consideration. Options are granted for a 5 year period, and 33.3% of each new tranche vests and is exercisable after each of the first 3 anniversaries of the date of grant.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into 1 ordinary share.

The exercise price of options is no less than the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the 5 trading days immediately before the options are granted.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Consolidated – 2013								
22 Aug 2007	22 Aug 2012	$0.150	1,675,000	–	–	(1,675,000)	–	–
14 Nov 2007	14 Nov 2012	$0.150	1,000,000	–	–	(1,000,000)	–	–
22 Aug 2008	22 Aug 2013	$0.120	1,000,000	–	–	–	1,000,000	1,000,000
4 Nov 2008	4 Nov 2013	$0.130	3,020,000	–	–	(85,000)	2,935,000	2,935,000
20 Aug 2009	20 Aug 2014	$0.165	400,000	–	–	–	400,000	400,000
21 Oct 2009	21 Oct 2013	$0.215	1,000,000	–	–	–	1,000,000	1,000,000
18 Feb 2010	18 Feb 2015	$0.164	625,000	–	–	–	625,000	625,000
1 Mar 2010	1 Mar 2015	$0.164	150,000	–	–	–	150,000	150,000
17 Feb 2011	17 Feb 2016	$0.120	1,895,000	–	–	(110,000)	1,785,000	1,190,000
21 Oct 2011	21 Oct 2016	$0.084	2,500,000	–	–	–	2,500,000	833,334
16 Feb 2012	16 Feb 2017	$0.098	2,265,000	–	–	(50,000)	2,215,000	738,339
23 Aug 2012	23 Aug 2017	$0.075	–	3,717,500	–	(17,500)	3,700,000	–
5 Oct 2012	5 Oct 2017	$0.075	–	400,000	–	–	400,000	–
26 Oct 2012	26 Oct 2017	$0.084	–	1,400,000	–	–	1,400,000	–
19 Nov 2012	19 Nov 2017	$0.085	–	125,000	–	–	125,000	–
13 Dec 2012	13 Dec 2017	$0.077	–	350,000	–	–	350,000	–
Total			**15,530,000**	**5,992,500**	**–**	**(2,937,500)**	**18,585,000**	**8,871,673**
Weighted average exercise price			**$0.13**	**$0.08**	**–**	**$0.15**	**$0.11**	

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Consolidated – 2012								
22 Sep 2006	22 Sep 2011	$0.500	1,345,000	–	–	(1,345,000)	–	–
14 Dec 2006	14 Dec 2011	$0.500	500,000	–	–	(500,000)	–	–
22 Aug 2007	22 Aug 2012	$0.150	2,175,000	–	–	(500,000)	1,675,000	1,675,000
14 Nov 2007	14 Nov 2012	$0.150	1,000,000	–	–	–	1,000,000	1,000,000
22 Aug 2008	22 Aug 2013	$0.120	1,300,000	–	–	(300,000)	1,000,000	1,000,000
4 Nov 2008	4 Nov 2013	$0.130	3,220,000	–	–	(200,000)	3,020,000	3,020,000
20 Aug 2009	20 Aug 2014	$0.165	400,000	–	–	–	400,000	266,667
21 Oct 2009	21 Oct 2013	$0.215	1,000,000	–	–	–	1,000,000	1,000,000
18 Feb 2010	18 Feb 2015	$0.164	625,000	–	–	–	625,000	416,667
1 Mar 2010	1 Mar 2015	$0.164	150,000	–	–	–	150,000	100,000
17 Feb 2011	17 Feb 2016	$0.120	1,895,000	–	–	–	1,895,000	631,672
21 Oct 2011	21 Oct 2016	$0.084	–	2,500,000	–	–	2,500,000	–
16 Feb 2012	16 Feb 2017	$0.098	–	2,265,000	–	–	2,265,000	–
Total			**13,610,000**	**4,765,000**	**–**	**(2,845,000)**	**15,530,000**	**9,110,006**
Weighted average exercise price			**$0.19**	**$0.09**		**$0.37**	**$0.13**	

177,500 options were forfeited during 2013 (2012: 1,000,000) and 2,675,000 options expired (2012: 1,845,000) in the same period whilst no options were exercised (2012: nil).

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.7 years (2012: 2.5 years).

2,000,000 options were granted to Taycol Nominees Pty Limited as part remuneration for successfully managing and underwriting a capital placement and rights issue during the FY2013. The options were issued with an exercise price of $0.08, a 33% premium to the share issue price. The options vest in 12 months and expire on 9 August 2016.

Fair value of options granted

The weighted average assessed fair value at grant date of options granted during the year ended 2013 was 2.6 cents per option (2012: 3.6 cents). The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2013 included:

(a) options are granted for no consideration, have a five year life, and 33.3% of each tranche vests and is exercisable after each of the first three anniversaries of the date of grant

(b) ave exercise price: $0.08 (2012: $0.09)

(c) expiry date: 5 years from grant date (2012: 5 years from grant date)

(d) Ave share price at grant date: $0.07 (2012: $0.08)

(e) expected price volatility of the company's shares: 60% (2012: 60%)

(f) expected dividend yield: nil% (2012: nil%)

(g) riskfree interest rate: 3.20% (2012: 4.64%)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2013 $	2012 $
Options issued under employee option plan	**164,786**	**117,146**

NOTE 32 – PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013 $	2012 $
Balance sheet		
Current assets	23,320,601	1,128,732
Total assets	43,452,601	41,242,622
Current liabilities	10,598,012	7,716,788
Total liabilities	10,598,012	7,716,788
Shareholders equity		
Issued capital (note (b))	38,567,199	38,411,442
Reserves – Share based payments (note (b))	1,305,939	1,108,864
Accumulated losses	(7,018,549)	(5,994,472)
	32,854,589	33,525,834
Loss for the year	(1,024,078)	(965,478)
Total comprehensive income/(loss)	**(1,024,078)**	**(965,478)**

(b) Contributed equity

The difference between the contributed equity of the parent entity and that of the consolidated entity is a result of accounting for the reverse acquisition. The consolidated entity includes the cost of AtCor Medical Holdings Limited and AtCor Medical Pty Limited at original cost. AtCor Medical Holdings Limited is deemed to acquire AtCor Medical Pty Ltd and the $20,132,000 is shown at fair value in AtCor Medical Holdings Limited's balance sheet.

(c) Guarantees entered into by the parent entity

No guarantees have been entered into by the parent entity during 2013 or 2012.

(d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

(e) Contractual commitments

The parent entity has no contractual commitments as at the date of this report.

DIRECTOR'S DECLARATION

For the year ended 30 June 2013

In the directors' opinion:

(a) the financial statements and notes set out on pages 25 to 53 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

Note 1(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

D O'Dwyer, Director
Sydney

29 August 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

pwc

Independent auditor's report to the members of Atcor Medical Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Atcor Medical Holdings Limited (the company), which comprises the balance sheet as at 30 June 2013, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Atcor Medical Holdings Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

pwc

Auditor's opinion

In our opinion:

(a) the financial report of Atcor Medical Holdings Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 18 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Atcor Medical Holdings Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michelle Chiang

Michelle Chiang
Partner

Sydney
29 August 2013

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 3 September 2013.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity holders by size of holding:

	HOLDINGS DISTRIBUTION	
	No. of holders	Securities
1 to 1,000	190	135,215,468
1,001 to 5,000	351	15,594,975
5,001 to 10,000	58	504,723
10,001 to 100,000	114	444,126
100,001 and Over	32	5,987
Total	**745**	**151,765,279**

There were 63 holders of less than a marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities are listed below:

	No. of shares	%
UBS Nominees Pty Ltd	13,752,022	9.06%
Capital Investment Pty Ltd	12,332,347	8.13%
Pehila Pty Ltd <O'rourke Super Fund A/c>	10,411,396	6.86%
CB Co Pty Ltd <The Curran Superannuation Fund>	10,000,000	6.59%
National Nominees Limited	5,222,031	3.44%
J P Morgan Nominees Australia Limited	4,367,112	2.88%
Dr Russell Kay Hancock	3,430,001	2.26%
Mr Donal O'Dwyer & Mrs Judith O'Dwyer <Dundrum Super Fund>	2,818,986	1.86%
Towns Corporation Pty Ltd <Pae Family A/c>	2,100,000	1.38%
Blaironia Pty Ltd	2,006,468	1.32%
Barrijag Pty Ltd <The Hadley S/F A/c>	2,000,000	1.32%
Rotarn Pty Ltd <The Rotarn Operating A/c>	2,000,000	1.32%
Drumnadrochit Futures Pty Ltd	1,449,501	0.96%
Mr Duncan Richardson Ross & Ms Carol Harvey Ross	1,416,667	0.93%
Redbrook Nominees Pty Ltd	1,390,000	0.92%
Barrijag Pty Ltd <The Hadley Super Fund A/c>	1,381,250	0.91%
Uob Kay Hian Private Limited <Clients A/c>	1,370,513	0.90%
Mrs Susan Hadley	1,300,000	0.86%
Grinch Nominees Pty Ltd <Grinch A/c>	1,290,000	0.85%
Peter Raymond Jenkins	1,209,394	0.80%
Richard Ewan Mews	1,200,000	0.79%
	82,447,688	**54.33%**

Unquoted equity securities

	No. on issue	No. of holders
Options issued under the AtCor Medical Holdings Employee Share Option Plan to take up ordinary shares	19,800,000	22
Other unquoted options to take up ordinary shares	5,000,000	7
	24,800,000	**29**

C. SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	No. of shares held	Percentage of issued shares
UBS Nominees Pty Ltd	13,752,022	9.06%
Capital Investment Pty Ltd	12,332,347	8.13%
Pehila Pty Ltd <O'Rourke Super Fund A/c>	10,411,396	6.86%
CB Co Pty Ltd <The Curran Superannuation Fund>	10,000,000	6.59%

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

a. **Ordinary shares**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b. **Options**

No voting rights.

CORPORATE DIRECTORY

DIRECTORS

Mr Donal O'Dwyer	Non-Executive Chairman	BEng, MBA
Mr Duncan Ross	CEO and Managing Director, BS	
Dr Michael O'Rourke	Non-Executive Director	MD, DSc
Mr Peter Jenkins	Non-Executive Director	DSc (honorary)
Dr David Brookes	Non-Executive Director	MBBS FACRRM FAICD

SECRETARY

Mr Peter Manley	CFO and Company Secretary	BBus, CPA, ACIS

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Suite 11, 1059 – 1063 Victoria Road
West Ryde NSW 2114

SHARE AND DEBENTURE REGISTER

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AUDITOR

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
GPO Box 2650
Sydney NSW 1171

SOLICITORS

Dibbs Barker
Lvl 8, 123 Pitt Street
GPO Box 983
Sydney NSW 2001

STOCK EXCHANGE LISTINGS

AtCor Medical Holdings Limited shares are listed on the Australian Stock Exchange under ASX code ACG.

Website address www.atcormedical.com