



AtCor Medical Holdings Limited

ASX Half-year information – 31 December 2010

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2010 Annual Report.

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Half-year Report

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AtCor Medical Holdings Limited
 Half-year ended 31 December 2010
 (Previous corresponding period:
 Half-year ended 31 December 2009)

Results for Announcement to the Market

				\$
Revenue from ordinary activities	Down	0.3%	to	4,402,852
Net loss from ordinary activities after tax attributable to members	Down	18.1%	to	(1,390,144)
Net loss for the period attributable to members	Down	18.1%	to	(1,390,144)

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

Commentary on Results:

See Review of Operations in Directors' Report.

Explanation of Dividends

No dividends have been declared.

AtCor Medical Holdings Limited
Half-year ended 31 December 2010
(Previous corresponding period:
Half-year ended 31 December 2009)

Supplementary Appendix 4D Information

NTA Backing

	2010	2009
Net tangible asset backing per ordinary share	4.2 cents	3.5 cents

Controlled entities acquired or disposed of

No controlled entities have been acquired or disposed during the period.

Additional dividend/distributions information

No dividends have been declared or paid during or subsequent to the half-year ended 31 December 2010.

Dividend/distribution reinvestment plans

The company has adopted but not implemented a dividend reinvestment plan.

Associates and Joint Venture entities

Not applicable.

Foreign Accounting standards

Not applicable.

Audit Alert

Not applicable.

AtCor Medical Holdings Limited ABN 81 113 252 234

Interim report

for the half-year ended 31 December 2010

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by AtCor Medical Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

AtCor Medical Holdings Limited and controlled entities Directors' report

Your directors present their report on the consolidated entity consisting of AtCor Medical Holdings Limited ('AtCor') and the entities it controlled at the end of, or during, the half-year ended 31 December 2010.

Directors

The following persons were directors of AtCor Medical Holdings Limited during the whole of the half-year and up to the date of this report:

Donal O'Dwyer (Chairman)
Peter R Jenkins
Michael F O'Rourke
Duncan R Ross (President and CEO)
David L Brookes

Review of operations

Sales for the 6 month period were \$4,389,583, a 1% increase over 1H10 (\$4,383,981) and an 8% increase in constant currency terms. The difference between actual and constant currency growth reflects the weaker US\$ and Euro\$ over the last 6 months against the same period last year.

Regionally, sales in USA were up 19% versus the prior period, driven largely by the pharmaceutical sector which is returning as a key user of the SphygmoCor® system and related clinical trial services. Three significant contracts with an average value of over US\$1 million were signed in the period. Sales into the clinical practice market were soft, though activity picked up late in the half after the US government removed uncertainty regarding medical reimbursement by extending the existing Medicare physician fee schedule. In Europe, where Government health budgets and private funding are still constrained from the impact of the recession, sales declined 31% vs. pcp. Asia Pacific sales were flat.

Reported gross margin was 86.3%, down from the prior reporting period at 90.1%. Factors influencing this change are product mix, with a greater proportion of new units placed versus recertified unit sales in 1H2010 and stronger Australian Dollar against USD and Euro\$.

Tight control continues to be maintained by management over expenses. All expense lines were lower than pcp, with the exception of product development where investment is being made to expand AtCor's product offering. Expenses were 3.5% lower than pcp in constant currency terms. A foreign exchange loss of \$513,765 was recorded in the current reporting period compared to a loss in 1H2010 of \$191,605, the majority of which is unrealised. Along with the increased FX loss, the company also saw its Commercial Ready grant conclude resulting in reduced Other Income of \$206,541.

AtCor booked a net loss for the period ending 31 December 2010 of \$1,390,144 (1H2010: \$1,177,526).

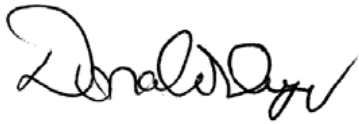
During the half year AtCor was successful in raising funds via a placement to sophisticated shareholders and a rights issue to current shareholders. This provided net funds of \$2,154,455. The funds will be applied to working capital needs as the pharmaceutical business transitions from a capital purchase model to a "pay-as-you-go" leasing model, accelerating the product development program, and to help fund legal and consulting costs associated with obtaining a successful outcome in coding and coverage decisions in the USA.

Cash balance at the period end was \$2,089,508 with net cash inflows of \$543,379, including net proceeds from the capital raise. Trade receivables at period end were \$3,795,491 versus \$2,570,442 at 1H2010 end.

Auditors Independence Declaration

A copy of the auditors' independence declaration as required under s307C of the Corporations Act 2001 is set out on page 4.

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



D O'Dwyer
Chairman

Sydney
17 February 2011

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Auditor's Independence Declaration

As lead auditor for the review of AtCor Medical Holdings Limited for the half year ended 31 December 2010, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Mark Dow
PricewaterhouseCoopers

Sydney
17 February 2011

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AtCor Medical Holdings Limited and controlled entities
Consolidated statement of comprehensive income
For the half-year ended 31 December 2010

	Notes	Half year	
		31	31
		December 2010 \$	December 2009 \$
Revenue from sale of goods	4	4,389,583	4,383,981
Cost of sales of goods		(601,561)	(432,036)
		<u>3,788,022</u>	<u>3,951,945</u>
Other revenue	4	13,269	33,168
Other income	4	95,813	302,354
Depreciation & amortisation expense		(61,507)	(64,678)
Marketing and sales expense		(2,491,630)	(3,048,428)
Product development and clinical trial expense		(1,080,333)	(864,444)
Occupancy expense		(69,751)	(69,568)
Administration and other expense		(1,070,262)	(1,226,270)
Foreign exchange losses		(513,765)	(191,605)
(Loss)/Profit before income tax		<u>(1,390,144)</u>	<u>(1,177,526)</u>
Income tax expense		-	-
Net (loss)/profit for the period		<u>(1,390,144)</u>	<u>(1,177,526)</u>
Exchange differences on translation of foreign operations		54,796	74,669
Other comprehensive income/(loss) for the period, net of tax		54,796	74,669
Total comprehensive income/(loss) for the period		<u>(1,335,348)</u>	<u>(1,102,857)</u>
Total comprehensive (loss)/income attributable to owners of AtCor Medical Holdings Limited		<u>(1,335,348)</u>	<u>(1,102,857)</u>
Earnings per share			Cents
Basic earnings per share	8	(1.29)	(1.18)
Diluted earnings per share	8	(1.29)	(1.18)

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

AtCor Medical Holdings Limited and controlled entities
Consolidated statement of financial position
As at 31 December 2010

	Notes	Half year	
		31 December 2010 \$	30 June 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,089,508	1,608,504
Receivables		3,795,491	3,432,698
Inventories		247,759	295,060
Other		188,699	178,759
Total current assets		6,321,457	5,515,021
Non-current assets			
Property, plant and equipment		265,531	255,282
Intangible assets		108,163	131,000
Total non-current assets		373,694	386,282
Total assets		6,695,151	5,901,303
LIABILITIES			
Current liabilities			
Payables		2,016,886	2,127,130
Provisions		19,566	-
Total current liabilities		2,036,452	2,127,130
Non-current liabilities			
Provisions		22,919	37,408
Total non-current liabilities		22,919	37,408
Total liabilities		2,059,371	2,164,538
Net assets		4,635,779	3,736,765
EQUITY			
Contributed equity	5	31,193,649	29,039,194
Reserves		1,352,081	1,217,378
Accumulated losses		(27,909,951)	(26,519,807)
Total equity		4,635,779	3,736,765

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

AtCor Medical Pty Limited and controlled entities
Consolidated statement of changes in equity
As at 31 December 2010

	Notes	Contributed Equity	Reserves	Retained Earnings	Total Equity
Balance at 1 July 2009		28,981,611	963,161	(25,299,750)	4,645,022
Total comprehensive income for the half-year		-	74,669	(1,177,526)	(1,102,857)
Transactions with equity holders in their capacity as equity holders:					
Employee share options expensed		-	104,830	-	104,830
Options exercised	5	57,583	-	-	57,583
		<u>57,583</u>	<u>104,830</u>	<u>-</u>	<u>162,413</u>
Balance at 31 December 2009		<u>29,039,194</u>	<u>1,142,660</u>	<u>(26,477,276)</u>	<u>3,704,578</u>
Balance at 1 July 2010		29,039,194	1,217,378	(26,519,807)	3,736,765
Total comprehensive income for the half-year		-	54,796	(1,390,144)	(1,335,348)
Transactions with equity holders in their capacity as equity holders:					
Capital placement & rights issue (net)	5	2,154,455	-	-	2,154,455
Employee share options expensed	5	-	79,907	-	79,907
		<u>2,154,455</u>	<u>79,907</u>	<u>-</u>	<u>2,234,362</u>
Balance at 31 December 2010		<u>31,193,649</u>	<u>1,352,081</u>	<u>(27,909,951)</u>	<u>4,635,779</u>

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

AtCor Medical Holdings Limited and controlled entities
Consolidated cash flow statement
For the half-year ended 31 December 2010

	Half year	
	31 December 2010 \$	31 December 2009 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	3,405,813	3,435,897
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(5,061,471)</u>	<u>(5,874,608)</u>
	(1,655,658)	(2,438,711)
Interest received	13,269	33,168
Other revenue	<u>83,660</u>	<u>184,657</u>
Net cash (outflow) from operating activities	<u>(1,558,729)</u>	<u>(2,220,886)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(52,347)	(15,140)
Repayment of related party loans	-	853,697
Net cash inflow/(outflow) from investing activities	<u>(52,347)</u>	<u>838,557</u>
Cash flows from financing activities		
Issue of shares (net)	<u>2,154,455</u>	<u>57,583</u>
Net cash inflow from financing activities	<u>2,154,455</u>	<u>57,583</u>
Net increase/(decrease) in cash and cash equivalents	543,379	(1,324,746)
Cash and cash equivalents at the beginning of the half-year	1,608,504	3,416,293
Effects of exchange rate changes on cash and cash equivalents	<u>(62,375)</u>	<u>(119,813)</u>
Cash and cash equivalents at the end of the half-year	<u>2,089,508</u>	<u>1,971,734</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

AtCor Medical Holdings Limited and controlled entities

Notes to the financial statements

For the half-year ended 31 December 2010

Note 1 Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by AtCor Medical Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2 Segment information

	Europe	Americas	Asia/Pacific	Inter-segment eliminations/ unallocated	Consolidated
Half-year 31 December 2010	\$	\$	\$	\$	\$
Revenue from sale of goods	487,419	3,571,136	331,028	-	4,389,583
Other revenue	-	-	-	13,269	13,269
Total segment revenue	<u>487,419</u>	<u>3,571,136</u>	<u>331,028</u>	<u>13,269</u>	<u>4,402,852</u>
Segment result	<u>(402,104)</u>	<u>1,697,406</u>	<u>(34,717)</u>	<u>13,269</u>	1,274,057
Unallocated revenue less unallocated expenses					<u>(2,664,201)</u>
(Loss) before income tax					<u>(1,390,144)</u>
Half-year 31 December 2009					
Revenue from sale of goods	836,178	3,195,258	352,545	-	4,383,981
Other revenue	-	-	-	33,168	33,168
Total segment revenue	<u>836,178</u>	<u>3,195,258</u>	<u>352,545</u>	<u>33,168</u>	<u>4,417,149</u>
Segment result	<u>(205,885)</u>	<u>1,079,483</u>	<u>(16,341)</u>	<u>33,168</u>	890,425
Unallocated revenue less unallocated expenses					<u>(2,067,951)</u>
Profit before income tax					<u>(1,177,526)</u>

Note 3 Dividends

No dividends were paid or declared since 30 June 2010 and the directors do not recommend the payment of a dividend.

AtCor Medical Holdings Limited and controlled entities

Notes to the consolidated financial statements

For the half-year ended 31 December 2010

(Continued)

Note 4 Revenue

From continuing operations	Half-year	
	2010	2009
<i>Sales revenue</i>		
Sale of goods	3,976,947	3,550,417
Sales of services	412,636	833,564
	<u>4,389,583</u>	<u>4,383,981</u>
<i>Other revenue</i>		
Interest	13,269	33,168
	<u>13,269</u>	<u>33,168</u>
<i>Other Income</i>		
Grant income	83,660	279,068
Other	12,153	23,286
	<u>95,813</u>	<u>302,354</u>

Note 5 Equity securities issued

	2010 Shares	2009 Shares	2010 \$	2009 \$
Issues of ordinary shares during the half-year				
Issue of new fully paid ordinary shares	33,706,944	-	2,359,486	-
Costs of issue			(205,031)	-
Exercise of options issued under the AtCor Employee Share Option Plan	-	391,667	-	57,583
Net funds received			<u>2,154,455</u>	<u>57,583</u>

Note 6 Contingent liabilities

There are no contingent liabilities.

Note 7 Event occurring after reporting date

No matter or circumstance has arisen since 31 December 2010 that has significantly affected or may affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

AtCor Medical Holdings Limited and controlled entities

Notes to the consolidated financial statements

For the half-year ended 31 December 2010

(Continued)

Note 8 Earnings per share

	Half-year	
	2010	2009
	Cents	Cents
Basic earnings per share	(1.29)	(1.18)
Diluted earnings per share	(1.29)	(1.18)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	108,061,629	100,077,899
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	108,257,281	108,259,855

Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. As at 31 December 2010 there were 15,915,000 options outstanding (31 December 2009: 13,640,000). The options have not been included in the determination of basic earnings per share.

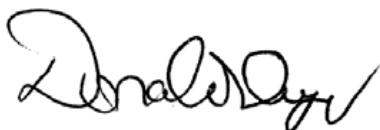
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AtCor Medical Pty Limited and controlled entities
Directors' declaration
31 December 2010

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 11 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 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that AtCor Medical Holdings Limited will be able to pay its debts as and when they become due and payable.

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



D O'Dwyer
Director

Sydney
17 February 2011

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AtCor Medical Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for both AtCor Medical Holdings Limited and AtCor. AtCor comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of AtCor's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AtCor Medical Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

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**Independent auditor's review report to the members of
AtCor Medical Holdings Limited (continued)**

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 December 2010 included on AtCor Medical Holding Limited's web site. The company's directors are responsible for the integrity of the AtCor Medical Holding Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AtCor Medical Holdings is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of AtCor's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Mark Dow
Partner

Sydney
17 February 2011

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