



AtCor Medical Holdings Limited

ASX Half-year information . 31 December 2013

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the 30 June 2013 Annual Report.

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AtCor Medical Holdings Limited

Interim report for the half-year ended 31 December 2013

(Previous corresponding period:
Half-year ended 31 December 2012)

Results for Announcement to the Market

				\$
Revenue from ordinary activities	Down	51%	to	\$2,680,356
Net loss from ordinary activities after tax attributable to members	Down		to	(\$958,858)
Net loss for the period attributable to members	Down		to	(\$958,858)

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

Commentary on Results:

See *Review of Operations in Directors' Report*.

Explanation of Dividends

No dividends have been declared.

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AtCor Medical Holdings Limited

Interim report for the half-year ended 31 December 2013

(Previous corresponding period:

Half-year ended 31 December 2012)

Supplementary Appendix 4D Information

NTA Backing

	Dec 2013	Dec 2012
Net tangible asset backing per ordinary share	3.0 cents	2.9 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 2013.

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 2013

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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 2013 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 2013.

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 \$2,674,161, a 51% decrease over 1H 2013 (\$5,429,353). Restating sales in constant currency terms this was a 56% decrease over pcp.

Regionally, sales in USA were down 64% versus the prior corresponding period due to delays in pharmaceutical contracts. The clinical practice market experienced growth of 77% despite uncertainties around planned cuts in Medicare reimbursement and the disruption caused by the introduction of the Affordable Care Act (Obamacare). Sales to researchers in 1H 2013 included a large one-off contract that was not repeated in 1H 2014. As such US research sales were lower. EMEA was marginally down against the same period last year and continues to see pressure from the macroeconomic situation in this region. Encouragingly, average selling prices are being maintained. Asia/Pacific sales grew 13% driven largely by unit sales to Australian customers. Asian markets were slightly down but are expected to increase in the second half now that XCEL registration has been secured in China and South Korea.

Gross margin decreased to 82.0% from 88.0% pcp. Unabsorbed fixed costs and sales mix led to the lower number. This is likely to be higher in the 2nd half of the year.

Overall expense growth is mostly attributable to the weakening AUD as approximately 50% of costs are either USD or EUR denominated. In constant currency terms expenses were 1% higher than 1H 2013. Marketing & sales expenses grew as a result of additional headcount (a management position was unfilled in 1H 2013) and the impact of the weaker AUD. Offsetting this was lower product development costs as projects near completion. Tight control continues to be maintained by management over expenditure.

AtCor booked a net loss for the period ending 31 December 2013 of \$958,858 (1H 2013: profit \$2,268,297).

Cash balance at the period end was \$4,102,453 (30 June 2013: \$2,874,209) with net operating cash inflows of \$464,241 reported. This represented AtCor's 6th consecutive quarter of positive operating cash flows. Included in the cash balance at 31 December 2013 was \$734,261 from the exercise of options over ordinary shares.

During the six month period covered by this report a number of events were reported that will contribute to future prospects for AtCor.

In September, AtCor announced the results of a study from the Menzies Research Institute Tasmania that demonstrated that patients whose treatment was guided using SphygmoCor central aortic pressure measurements could have their blood pressure levels brought under control with the use of less medication than by using conventional methods. A major meta-analysis of over 17,000 patients, published in December in the Journal of the American College of Cardiology (JACC), found that measuring arterial stiffness using aortic pulse wave velocity was a better predictor of cardiovascular disease and related events than current methods.

AtCor has been successful getting the new SphygmoCor XCEL approved for sale in South Korea, China and Canada. The new system was also the first system rated %excellent+ according to European ARTERY Society guidelines and showing equivalence to AtCor's gold standard method. This gives researchers and users confidence that the new, easier to use system will meet their requirements.

Auditor's Independence Declaration

A copy of the auditor's 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
20 February 2014

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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 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 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.

A handwritten signature in black ink, appearing to read 'Michelle Chiang', written in a cursive style.

MW Chiang
Partner
PricewaterhouseCoopers

Sydney
20 February 2014

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AtCor Medical Holdings Limited and controlled entities
Consolidated statement of comprehensive income
For the half-year ended 31 December 2013

	Notes	Half year	
		31 December 2013 \$	31 December 2012 \$
Revenue from sale of goods and services	4	2,674,161	5,429,353
Cost of sales of goods		(482,075)	(652,317)
Gross profit		2,192,086	4,777,036
Other revenue	4	6,195	495
Other income	4	596,273	981,927
Marketing and sales expense		(1,898,148)	(1,577,349)
Product development and regulatory expense		(664,388)	(718,181)
Occupancy expense		(75,651)	(70,778)
Administration and other expense		(1,115,225)	(1,098,025)
Foreign exchange losses		-	(26,828)
(Loss)/profit before income tax		(958,858)	2,268,297
Income tax expense		-	-
Net (loss)/profit for the period		(958,858)	2,268,297
Other comprehensive income			
Exchange differences on translation of foreign operations		(49,999)	15,734
Other comprehensive (loss)/income for the period, net of tax		(49,999)	15,734
Total comprehensive (loss)/income for the period		(1,008,857)	2,284,031
Total comprehensive (loss)/profit attributable to owners of AtCor Medical Holdings Limited		(1,008,857)	2,284,031
Earnings per share			
Basic earnings per share	8	(0.63)	1.51
Diluted earnings per share	8	(0.63)	1.51

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 2013

	Notes	Half year	
		31 December 2013 \$	30 June 2013 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,102,453	2,874,209
Trade and other receivables		1,077,609	2,668,507
Inventories		407,504	325,794
Other		109,137	156,316
Total current assets		5,696,703	6,024,826
Non-current assets			
Property, plant and equipment		314,805	350,181
Intangible assets		-	-
Total non-current assets		314,805	350,181
Total assets		6,011,508	6,375,007
LIABILITIES			
Current liabilities			
Trade and other payables		1,188,977	1,395,037
Provisions		40,107	40,107
Total current liabilities		1,229,084	1,435,144
Non-current liabilities			
Provisions		69,806	60,930
Total non-current liabilities		69,806	60,930
Total liabilities		1,298,890	1,496,074
Net assets		4,712,618	4,878,933
EQUITY			
Contributed equity	5	32,844,170	32,109,909
Reserves		1,679,693	1,621,411
Accumulated losses		(29,811,245)	(28,852,387)
Total equity		4,712,618	4,878,933

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 2013

Notes	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total Equity \$
	31,954,152	1,516,678	(31,586,410)	1,884,420
Balance at 1 July 2012				
Profit for the half year	-	-	2,268,297	2,268,297
Other comprehensive income	-	15,734	-	15,734
Total comprehensive income for the half-year	-	15,734	2,268,297	2,284,031
Transactions with equity holders in their capacity as equity holders:				
Share placement (net)	155,757	-	-	155,757
Employee share options expensed	-	100,947	-	100,947
	155,757	100,947	-	256,704
Balance at 31 December 2012	32,109,909	1,633,359	(29,318,113)	4,425,155
Balance at 1 July 2013	32,109,909	1,621,411	(28,852,387)	4,878,933
(Loss) for the half year	-	-	(958,858)	(958,858)
Other comprehensive income	-	(49,999)	-	(49,999)
Total comprehensive (loss) for the half-year	-	(49,999)	(958,858)	(1,008,857)
Transactions with equity holders in their capacity as equity holders:				
Share options exercised	734,261	-	-	734,261
Employee share options expensed	-	108,281	-	108,281
	734,261	108,281	-	842,542
Balance at 31 December 2013	32,844,170	1,679,693	(29,811,245)	4,712,618

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 statement of cash flows
For the half-year ended 31 December 2013

	Half year	
	31 December 2013 \$	31 December 2012 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	4,392,805	4,248,526
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(4,339,097)</u>	<u>(4,131,911)</u>
	53,708	116,615
Interest received	6,195	495
Grant cash receipts	19,011	285,141
R&D tax incentive received	410,756	696,786
Income taxes paid	<u>(25,429)</u>	<u>-</u>
Net cash inflow from operating activities	<u>464,241</u>	<u>1,099,037</u>
Cash flows from investing activities		
Payments for property, plant and equipment	<u>(25,325)</u>	<u>(60,308)</u>
Net cash (outflow) from investing activities	<u>(25,325)</u>	<u>(60,308)</u>
Cash flows from financing activities		
Issue of shares (option exercise)	735,925	-
Cost of share issue	<u>(1,664)</u>	<u>(14,427)</u>
Net cash (outflow) from financing activities	<u>734,261</u>	<u>(14,427)</u>
Net increase in cash and cash equivalents	1,173,177	1,024,302
Cash and cash equivalents at the beginning of the half-year	2,874,209	1,117,306
Effects of exchange rate changes on cash and cash equivalents	55,067	(3,425)
Cash and cash equivalents at the end of the half-year	<u>4,102,453</u>	<u>2,138,183</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 consolidated financial statements

For the half-year ended 31 December 2013

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 2013 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated 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 2013 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

Half-year 31 December 2013	Americas \$	Europe \$	Asia/ Pacific \$	Inter- segment eliminations/ unallocated \$	Consolidated \$
Sales to external customers	1,960,657	391,293	322,211	-	2,674,161
Intersegment sales	-	-	656,080	(656,080)	-
Revenue from sale of goods	<u>1,960,657</u>	<u>391,293</u>	<u>978,291</u>	<u>(656,080)</u>	<u>2,674,161</u>
Other revenue	-	-	429,928	-	429,928
Total segment revenue	<u>1,960,657</u>	<u>391,293</u>	<u>1,408,219</u>	<u>(656,080)</u>	<u>3,104,089</u>
Segment result	<u>(115,413)</u>	<u>13,711</u>	<u>(1,004,269)</u>	<u>-</u>	<u>(1,105,971)</u>
Unallocated revenue less unallocated expenses					<u>147,113</u>
(Loss) before income tax					<u>(958,858)</u>
Income tax expense					-
Net (loss) for the period					<u>(958,858)</u>
Half-year 31 December 2012					
Sales to external customers	4,771,535	371,560	286,258	-	5,429,353
Intersegment sales	-	-	1,439,335	(1,439,335)	-
Revenue from sale of goods	<u>4,771,535</u>	<u>371,560</u>	<u>1,725,593</u>	<u>(1,439,335)</u>	<u>5,429,353</u>
Other revenue	-	-	981,927	-	981,927
Total segment revenue	<u>4,771,535</u>	<u>371,560</u>	<u>2,707,520</u>	<u>(1,439,335)</u>	<u>6,411,280</u>
Segment result	<u>2,856,299</u>	<u>18,325</u>	<u>(579,499)</u>	<u>-</u>	<u>2,295,125</u>
Unallocated revenue less unallocated expenses					<u>(26,828)</u>
Profit before income tax					<u>2,268,297</u>
Income tax expense					-
Net profit for the period					<u>2,268,297</u>

AtCor Medical Holdings Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2013
(Continued)

Note 3 Dividends

No dividends were paid or declared since 30 June 2013 and the directors do not recommend the payment of a dividend.

Note 4 Revenue

From continuing operations	Half-year	
	2013	2012
	\$	\$
<i>Sales revenue</i>		
Sale of goods	2,071,073	4,734,860
Sales of services	603,088	694,493
	<u>2,674,161</u>	<u>5,429,353</u>
<i>Other revenue</i>		
Interest	6,195	495
	<u>6,195</u>	<u>495</u>
	<u>2,680,356</u>	<u>5,429,848</u>
<i>Other Income</i>		
Grant income	19,011	285,141
R&D tax concession	410,756	696,786
Foreign Exchange gains	156,970	-
Other	9,536	-
	<u>596,273</u>	<u>981,927</u>

Note 5 Equity securities issued

	2013	2012	2013	2012
	Shares	Shares	\$	\$
Issues of ordinary shares during the half-year				
Issue of new fully paid ordinary shares	6,595,000	2,950,000	735,925	177,000
Costs of issue			(1,664)	(21,243)
Net funds received			<u>734,261</u>	<u>155,757</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 2013 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 2013

(Continued)

Note 8 Earnings per share

	Half-year	
	2013	2012
	Cents	Cents
Basic earnings per share	(0.63)	1.51
Diluted earnings per share	(0.63)	1.51
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	153,270,333	150,140,007
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	153,270,333	150,140,007

Options

Options granted to employees 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. As at 31 December 2013 there were 20,295,000 options outstanding (31 December 2012: 22,602,500) and no options were considered dilutive.

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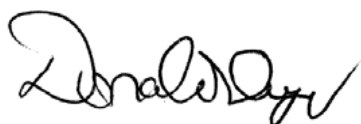
AtCor Medical Holdings Limited and controlled entities
Directors' declaration
31 December 2013

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 2013 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.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by S295A of the Corporations Act 2001.

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



D O Dwyer
Director

Sydney
20 February 2014

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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, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Atcor Medical Holdings Limited Group (the consolidated entity). The consolidated entity comprises both Atcor Medical Holdings Limited (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 internal 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 a 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 the consolidated entity's financial position as at 31 December 2013 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. 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.

Independence

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

Conclusion

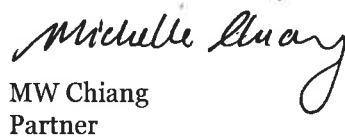
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Atcor Medical Holdings Limited is not in accordance with the *Corporations Act 2001* including:

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- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


PricewaterhouseCoopers


MW Chiang
Partner

20 February 2014

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