



AtCor Medical – Annual General Meeting 2014

Chairman's address to shareholders

31 October 2014

Good morning and thank you for joining us today.

As we reflect on AtCor's performance during financial year 2014 there is much to consider, to feel good about and also to feel a sense of disappointment with.

With respect to our financial results they were not what we hoped or planned for – in particular coming off such a strong performance in the previous year. The variance in our results was due solely to soft revenue caused by the continued delays in large pharmaceutical companies contracting new clinical studies and extensions to existing studies. This phenomena, unfortunately, has continued through the first quarter of FY2015.

The pharmaceutical sector is very important to us at AtCor. It can, however, be quite lumpy and, given the size of some of the contracts placed, any delays can have a significant impact on our results in any specific period. I am pleased to inform you that there continues to be improving levels of activity in this area in terms of requests to quote, and we did close a small expansion to an existing contract for \$0.2 million in the first quarter. We are confident that we have not lost any market share in this sector. We believe that in time we will return to more "normal" order cycles.

With respect to the other parts of our business there were positive signs in our results. We reported sales growth both in Europe and Asia Pacific as well as increased clinical sales in the USA.

We are confident in the important role that SphygmoCor can and will play in the future practice of medicine. I say that because of some of the major drivers in the global healthcare environment - being earlier intervention, more personalised treatments and less expensive diagnostic and treatment options – all fit precisely with SphygmoCor's capabilities. I believe we just need to continue to execute on the programmes we are currently pursuing and we will begin to see SphygmoCor's greater utilisation in routine practice.

Some of the important areas where progress has been made in the past year include:-

- Continued progress towards reimbursement in the USA. The Renal Physicians Association (RPA) has spearheaded an initiative to receive reimbursement and already they have received a CPT category 3 code which covers the SphygmoCor test. They are now well advanced to file an application to request that their category 3 code be upgraded to a category 1 code.
- Within the pharmaceutical trials sector we have made good progress in expanding the potential base of our business by focusing on 1) expanding the number of pharmaceutical companies that would consider utilising SphygmoCor in their clinical studies and 2) expanding on the indication and drug types where SphygmoCor could and should be used.
- We have made good progress on initiatives with a number of partners – many of which, if the joint goals we have set are achieved, could have a significant impact on future prospects.
- The validity of our technology continues to be endorsed by the publication of studies and research papers endorsing the benefits of utilising the information that we can provide.

In summary much has been achieved in the past year and we believe that these efforts will place us well for the future.

We now need to focus our efforts on a return to profitability and positive cash generation so that we can position ourselves to optimise on the opportunities ahead.

I want to take this opportunity to thank the small but very dedicated AtCor team. Without their efforts and commitment we would not be able to have made such progress. I also want to acknowledge you our shareholders – whether long standing or recent – without your support we would not be able to carry on our work that will benefit patients and the overall healthcare system and ultimately you. Finally, I must also thank all of the other stakeholders that are vital to our success – the doctors and researchers around the world who perform the studies that confirm the value of SphygmoCor and finally the doctors who are today using SphygmoCor to better treat their patients – you are paving the road to the future.

Thank you.