



AtCor Medical Holdings Limited

ASX Half-year information – 31 December 2014

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2014 Annual Report.

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AtCor Medical Holdings Limited

Interim report for the half-year ended 31 December 2014

(Previous corresponding period:

Half-year ended 31 December 2013)

Results for Announcement to the Market

				\$
Revenue from ordinary activities	Up	7%	to	\$2,858,838
Net profit from ordinary activities after tax attributable to members	Up	\$1,000,309	to	41,451
Net profit for the period attributable to members	Up	\$1,000,309	to	41,451

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.

AtCor Medical Holdings Limited

Interim report for the half-year ended 31 December 2014

(Previous corresponding period:

Half-year ended 31 December 2013)

Supplementary Appendix 4D Information

NTA Backing

	Dec 2014	Dec 2013
Net tangible asset backing per ordinary share	2.3 cents	3.0 cents

Controlled entities acquired or disposed of

During the period a subsidiary entity, AtCor Medical (UK) Ltd, was closed. The company was based in United Kingdom and has never traded.

Additional dividend/distributions information

No dividends have been declared or paid during or subsequent to the half-year ended 31 December 2014.

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 2014

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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 2014 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 2014.

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

Financials:

Sales for the 6 month period were \$2,858,404, a 7% increase over 1H FY2014 (\$2,674,161). Restating sales in constant currency terms this was a 5% increase over pcp.

Regionally, sales in the Americas, which comprise both global sales & services to the pharmaceutical industry and sales to researchers and clinicians, were up 4.4% versus the prior corresponding period. Of this, pharma sales were down 32% with one new contract and one expansion to an existing contract being recorded in the half. Offsetting this was significant growth in both research and clinical sales with the clinical practice market experiencing growth of 52% and sales to researchers increasing 78%. EMEA continues to see pressure from the macroeconomic situation in this region though did manage to grow marginally, up 2%. Asia/Pacific sales grew 7% driven by placements into Asia offsetting a decline in ANZ vs. pcp. Globally, non pharma sales grew 38% for the half.

Gross margin improved to 84.5% from 81.9% pcp and can be attributed to product mix, maintenance of average selling prices and currency gains.

AtCor's management continues to tightly control expenses. During 1H FY2015 savings were identified and some expenditure delayed which contributed to total expenses being 5% lower than 1H FY2014, despite the headwinds created by a strengthening USD. Approximately 50% of expenses are either USD or EUR denominated. In constant currency terms expenses were 6% lower than 1H FY2014

AtCor booked a net profit for the period ending 31 December 2014 of \$41,451 (1H FY2014: loss \$958,858).

Cash balance at the period end was \$2,518,392 (30 June 2014: \$2,168,156) with net operating cash outflows of \$831,010 reported. Included in the cash balance at 31 December 2014 was \$988,001 raised (net) from the issue of shares. AtCor received an R&D tax refund of \$461,182 on 20 January 2015, which has further bolstered the cash balance.

Other activities:

During the six month period covered by this report AtCor announced that SphygmoCor had been selected for use in two different trials. The first of these was an Alzheimer's trial being conducted through Universitaire (CHU) de Bordeaux in France. The second study is a publicly-funded trial in USA which is assessing the effects of lowering cholesterol in the obese. This continues to support SphygmoCor's gold standard position as the most robust and validated product for researchers and clinicians.

In addition to these Sunshine Heart, Inc., the C-Pulse heart assist device manufacturer for patients with moderate to severe heart failure purchased a number of SphygmoCor systems in December to assist with C-Pulse programming and patient therapy optimisation. This followed an evaluation which displayed the considerable benefit of adding SphygmoCor to their programming regimen.

As mentioned above, AtCor successfully raised \$1 million (gross) in November from sophisticated investors. Oceania Capital Partners Ltd (ASX: OCP) accounted for \$800,000 of the raise and became a substantial shareholder in the process.

Looking ahead:

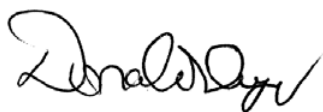
Following are key areas of focus and related events expected over the next 6-12 months.

- The Renal Physicians Association (RPA) application for a CPT1 code to the American Medical Association (AMA) CPT panel was presented and voted upon earlier this month. CPT (Common Procedural Terminology) is a listing of descriptive terms and identifying codes for reporting medical services and procedures. The code would cover the SphygmoCor test. Release of the panel actions is expected in March 2015. If the RPA receives a positive outcome from the panel the code should take effect from 1 January 2016 pending successful completion of the remaining steps. Further information concerning the remaining steps in the process is covered in our October 2014 investor presentation.
- AtCor continues discussions with pharmaceutical companies concerning trials and the company anticipates new contracts will be finalised and announced during 2H FY2015. This will remain an important, long-term market for SphygmoCor. Currently there are US \$12.0m in sales opportunities under management with both existing and potentially new clients.
- The jointly developed 24 hour device ambulatory blood pressure device with central pressures – **Oscar2 with SphygmoCor inside** – has been completed and is now progressing through the regulatory processes. AtCor and SunTech Medical, Inc. expect to have CE Mark and FDA clearance this half year which will allow the system to be sold in the major medical markets.
- The joint clinical study with a Fortune 500 medical device company using SphygmoCor' patented methodology for cardiac pace maker optimisation was successfully completed. AtCor is now commencing discussions with the firms' business development group.
- Key studies and position papers from medical societies supporting the adoption of central pressures in clinical practice are expected to be published in leading medical journals.

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
23 February 2015



Auditor's Independence Declaration

As lead auditor for the review of AtCor Medical Holdings Limited for the half-year ended 31 December 2014, 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 cursive script, reading 'Michelle Chiang'.

MW Chiang
Partner
PricewaterhouseCoopers

Sydney
23 February 2015

AtCor Medical Holdings Limited and controlled entities
Consolidated statement of comprehensive income
For the half-year ended 31 December 2014

	Notes	Half year	
		31	31
		December 2014	December 2013
		\$	\$
Revenue from sale of goods and services	4	2,858,404	2,674,161
Cost of sales of goods		(440,696)	(482,075)
Gross profit		2,417,708	2,192,086
Other revenue	4	434	6,195
Other income	4	1,162,487	596,273
Marketing and sales expense		(1,643,989)	(1,898,148)
Product development and regulatory expense		(659,260)	(664,388)
Occupancy expense		(84,900)	(75,651)
Administration and other expense		(1,151,029)	(1,115,225)
Profit/(loss) before income tax		41,451	(958,858)
Income tax expense		-	-
Net profit/(loss) for the period		41,451	(958,858)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(503,513)	(49,999)
Other comprehensive (loss)/income for the period, net of tax		(503,513)	(49,999)
Total comprehensive (loss)/income for the period		(462,062)	(1,008,857)
Total comprehensive (loss)/profit attributable to owners of AtCor Medical Holdings Limited		(462,062)	(1,008,857)
Earnings per share			
Basic earnings per share	8	0.03	(0.63)
Diluted earnings per share	8	0.02	(0.63)

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 2014

		Half year	
	Notes	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,518,392	2,168,156
Trade and other receivables		2,007,500	1,547,712
Inventories		429,994	537,539
Other		158,404	98,287
Total current assets		5,114,290	4,351,694
Non-current assets			
Property, plant and equipment		272,202	279,576
Total non-current assets		272,202	279,576
Total assets		5,386,492	4,631,270
LIABILITIES			
Current liabilities			
Trade and other payables		1,318,466	1,215,573
Provisions		122,979	110,728
Total current liabilities		1,441,445	1,326,301
Non-current liabilities			
Provisions		33,411	21,022
Total non-current liabilities		33,411	21,022
Total liabilities		1,474,856	1,347,323
Net assets		3,911,636	3,283,947
EQUITY			
Contributed equity	5	33,838,571	32,850,570
Reserves		1,547,509	1,949,272
Accumulated losses		(31,474,444)	(31,515,895)
Total equity		3,911,636	3,283,947

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 2014

	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total Equity \$
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
Balance at 1 July 2014	32,850,570	1,949,272	(31,515,895)	3,283,947
Profit for the half year	-	-	41,451	41,451
Other comprehensive income	-	(503,513)	-	(503,513)
Total comprehensive profit/(loss) for the half-year	-	(503,513)	41,451	(462,062)
Transactions with equity holders in their capacity as equity holders:				
Shares issued	1,000,001	-	-	1,000,001
Share issue expenses	(12,000)	-	-	(12,000)
Employee share options expensed	-	101,750	-	101,750
	988,001	101,750	-	1,089,751
Balance at 31 December 2014	33,838,571	1,547,509	(31,474,444)	3,911,636

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 2014

	Half year	
	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	3,082,728	4,392,805
Payments to suppliers and employees (inclusive of goods and services tax)	(3,912,431)	(4,339,097)
	(829,703)	53,708
Interest received	434	6,195
Grant cash receipts	-	19,011
R&D tax incentive received	-	410,756
Income taxes paid	(1,741)	(25,429)
Net cash (outflow)/inflow from operating activities	(831,010)	464,241
Cash flows from investing activities		
Payments for property, plant and equipment	(28,660)	(25,325)
Net cash (outflow) from investing activities	(28,660)	(25,325)
Cash flows from financing activities		
Issue of shares	1,000,001	735,925
Cost of share issue	(12,000)	(1,664)
Net cash inflow from financing activities	988,001	734,261
Net increase in cash and cash equivalents	128,331	1,173,177
Cash and cash equivalents at the beginning of the half-year	2,168,156	2,874,209
Effects of exchange rate changes on cash and cash equivalents	221,905	55,067
Cash and cash equivalents at the end of the half-year	2,518,392	4,102,453

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 2014

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 2014 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 2014 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 2014	Americas \$	Europe \$	Asia/ Pacific \$	Inter- segment eliminations/ unallocated \$	Consolidated \$
Sales to external customers	2,110,786	389,814	357,804	-	2,858,404
Intersegment sales	-	-	514,597	(514,597)	-
Revenue from sale of goods	2,110,786	389,814	872,401	(514,597)	2,858,404
Other revenue	-	-	461,616	-	461,616
Total segment revenue	2,110,786	389,814	1,334,017	(514,597)	3,320,020
Segment result	197,823	(8,938)	(848,980)	-	(660,095)
Unallocated revenue less unallocated expenses					701,546
Profit before income tax					41,451
Income tax expense					-
Net profit for the period					41,451

**Half-year
31 December 2013**

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	1,960,657	391,293	978,291	(656,080)	2,674,161
Other revenue	-	-	429,928	-	429,928
Total segment revenue	1,960,657	391,293	1,408,219	(656,080)	3,104,089
Segment result	(115,413)	13,711	(1,004,269)	-	(1,105,971)
Unallocated revenue less unallocated expenses					147,113
Loss before income tax					(958,858)
Income tax expense					-
Net loss for the period					(958,858)

AtCor Medical Holdings Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2014
(Continued)

Note 3 Dividends

No dividends were paid or declared since 30 June 2014 and the directors do not recommend the payment of a dividend.

Note 4 Revenue

	Half-year	
	2014	2013
From continuing operations	\$	\$
<i>Sales revenue</i>		
Sale of goods	2,350,413	2,071,073
Sales of services	507,991	603,088
	<u>2,858,404</u>	<u>2,674,161</u>
<i>Other revenue</i>		
Interest	434	6,195
	<u>434</u>	<u>6,195</u>
	<u>2,858,838</u>	<u>2,680,356</u>
<i>Other Income</i>		
Grant income	-	19,011
R&D tax concession	461,182	410,756
Foreign Exchange gains	701,305	156,970
Other	-	9,536
	<u>1,162,487</u>	<u>596,273</u>

Note 5 Equity securities issued

	2014 Shares	2013 Shares	2014 \$	2013 \$
Issues of ordinary shares during the half-year				
Issue of new fully paid ordinary shares	10,752,700	6,595,000	1,000,001	735,925
Costs of issue			(12,000)	(1,664)
Net funds received			<u>988,001</u>	<u>734,261</u>

Note 6 Contingent liabilities

There are no contingent liabilities.

Note 7 Event occurring after reporting date

R&D tax refund of \$461,182 was received on 20 January 2015. This has been included in trade and other receivables balance as at 31 December 2014. No other matter or circumstance has arisen since 31 December 2014 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 2014

(Continued)

Note 8 Earnings per share

	Half-year	
	2014	2013
	Cents	Cents
Basic earnings per share	0.03	(0.63)
Diluted earnings per share	0.02	(0.63)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	159,368,752	153,270,333
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	170,958,752	153,270,333

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 2014 there were 21,290,000 options outstanding (31 December 2013: 20,295,000) and 11,590,000 options were considered dilutive (31 December 2013: nil).

AtCor Medical Holdings Limited and controlled entities
Directors' declaration
31 December 2014

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 2014 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.

A handwritten signature in black ink, appearing to read 'D O'Dwyer', with a stylized flourish at the end.

D O'Dwyer
Director

Sydney
23 February 2015



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 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 the company and the entities it controlled during that 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 Australian 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 2014 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:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;

PricewaterhouseCoopers, ABN 52 780 433 757

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- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers
PricewaterhouseCoopers

Michelle Chiang
MW Chiang
Partner

Sydney
23 February 2015