ASX release 9 January 2014

Market update

AtCor Medical Holdings Limited (ASX:ACG), the developer and marketer of the SphygmoCor® system which noninvasively measures central aortic blood pressures and arterial stiffness, announced today that the company will report 1H FY2014 revenue below company expectations due to delays in finalising pharmaceutical contracts that were expected to be signed during the second quarter. The pharmaceutical sector is currently AtCor Medicalõs largest market, historically comprising about 60%-70% of sales.

As a result, the company will report sales in the range of $2.6 million to $2.7 million; approximately 50% lower than sales reported in 1H FY2013. AtCor Medical expects to report a loss in the region of $1 million. The company also expects to report positive cash flows of approximately $1.1 million for the half (and cash of $4.1 million at 31 December 2013), and anticipates positive cash flow for the full year. This guidance is subject to finalisation by the companyõs auditors.

AtCor Medical has a pipeline of potential new pharmaceutical business valued at more than US$16 million and is confident that both its pharmaceutical sector business and overall sales will improve in the second half. AtCor Medical has not lost any pharmaceutical trial contracts to competitors in the first half of FY2014. However, increased pricing pressure on drugs, especially in government payer dominated markets, generic competition and higher regulatory costs have impacted the time taken to complete contracts. While the contracting process has lengthened, the need for pharmaceutical companies to complete clinical trials is unchanged as they are a necessary step to develop and validate the effectiveness of new drugs. The size of the pharmaceutical trials market for central blood pressure and related services is estimated at approximately US $100 million annually. This represents a substantial growth opportunity for AtCor Medical which is the industry leader.

AtCor Medical chief executive officer, Duncan Ross, said: ñWhile we are disappointed that large pharmaceutical contracts have taken longer to complete than expected, we are confident of a stronger second half and our commitment to the long term prospects for the business remain unchanged. AtCorõs gross margins are greater than 80% and our cash position is solid. The companyõs expense base is well managed. Our sales pipeline is robust, and we are encouraged by several positive business indicators including solid growth in sales to US clinicians - up 65% compared to the same period last year - and a 13% sales increase in Asia/Pacific markets. New value-creating initiatives are on track, including the expected launch in June of an innovative product jointly developed through the global alliance between AtCor and SunTech Medical, and the recent commencement of our field trial with a Fortune 500 global medical device manufacturer using SphygmoCor to guide cardiac pacemaker settings.

ñEvidence of the value of measuring central pressures and arterial stiffness continues to build. It is imperative that healthcare systems worldwide reduce spending by adopting innovative technology that can eliminate cost through early disease diagnosis and treatment. SphygmoCor is well positioned to play an important role in this effort.ò

AtCor Medical will host an investor conference call on 10 January 2014 at 11:00am AEDT to review these preliminary results. Conference call access numbers are below:

- Australia: 1800 554 798
- International:
  - USA: 1866 839 8029
  - New Zealand: 0800 450 585
  - Other: +61 2 8113 1400

The confirmation code for this call is **7395879**.

The companyôs results for the first half of FY2014 will be released to the Australian Securities Exchange on 20 February 2014. Having been released from the obligation to provide quarterly cash reports following a review by the ASX, no Appendix 4C ï Quarterly Cash Flow report will be issued.

About AtCor Medical
AtCor Medical develops and markets products for the early detection of cardiovascular risk and management of cardiovascular disease. Its technology allows researchers and clinicians to measure central aortic blood pressure non-invasively. The companyôs SphygmoCor® system visibly identifies the effects of reflected blood pressure in the central aortic pressure wave, effects which cannot be detected with standard blood pressure monitoring. More than 3,300 SphygmoCor® systems are currently in use worldwide at major medical institutions, research institutions and in various clinical trials with leading pharmaceutical companies. The companyôs technology has been featured in over 700 peer-reviewed studies published in leading medical journals. AtCor has operations in Australia, the United States, and Europe. For further information, please visit our web site at www.atcormedical.com.

For further information, please contact (AtCor):

Duncan Ross ï AtCor Medical CEO
+1 (630) 228 8873

Peter Manley ï AtCor Medical CFO
+61 (2) 8815 8811

Media enquiries to:

Ashley Rambukwella ï Financial & Corporate Relations
Ph: +61 (2) 8264 1004/ m. 0407 231 282 or a.rambukwella@fcr.com.au