

AtCor Medical Holdings Limited

ASX Half-year information – 31 December 2012

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2012 Annual Report.

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AtCor Medical Holdings Limited

Interim report for the half-year ended 31 December 2012

(Previous corresponding period:

Half-year ended 31 December 2011)

Results for Announcement to the Market

				\$
Revenue from ordinary activities	Up	42.6%	to	5,429,848
Net profit from ordinary activities after tax attributable to members	Up		to	2,268,297
Net profit for the period attributable to members	Up		to	2,268,297

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 2012

(Previous corresponding period:

Half-year ended 31 December 2011)

Supplementary Appendix 4D Information

NTA Backing

	2012	2011
Net tangible asset backing per ordinary share	2.9 cents	1.6 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 2012.

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 2012

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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 2012 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 2012.

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 \$5,429,353, a 43% increase over 1H 2012 (\$3,807,778). Restating sales in constant currency terms this was a 42% increase over pcp.

Regionally, sales in USA were up 54% versus the prior corresponding period driven by strong pharmaceutical and research sales. The clinical practice market experienced a decline due to pre-election uncertainties concerning changes to USA health care and the delay until post election of Congressional action to stop the planned cuts in Medicare reimbursement. Europe matched its sales vs. the same period last year, a respectable outcome considering economic conditions in the region and that the headcount in the region was reduced from 3 to 2. The launch of the SphygmoCor® XCEL, designed to improve ease of use in clinical practice, contributed to sales growth of 18% in Australia and New Zealand, but sales in Asia declined, based on order timing and the lead time required to secure XCEL registration in key markets such as China, Japan and Korea.

Gross margin increased to 88.0% from 87.3% pcp. The company continued to focus on costs and manage the mix of its products and services, with a number of recertified systems placed into pharmaceutical trials.

Tight control continues to be maintained by management over expenditure. Expense savings implemented at the beginning of this financial year have removed extra cost from the business and expenses were 20% lower than pcp in constant currency terms. A key management position open for five of the first 6 months of the half also contributed. A small foreign exchange loss of \$26,828 was recorded in the current reporting period compared to a gain in 1H 2012 of \$111,133.

AtCor booked a net profit for the period ending 31 December 2012 of \$2,268,297 (1H 2012: loss (\$848,455)).

Cash balance at the period end was \$2,138,183 (1H 2012: \$1,111,956) with net operating cash inflows of \$1,099,037 reported. This compares favourably to 1H 2012 which reported net operating cash outflows of \$361,442. Included in the cash received in 1H 2013 was an income tax credit of \$696,786 related to R&D tax concessions.

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

In November, AtCor announced it had received FDA 510k clearance to begin marketing the SphygmoCor® XCEL in the US and, effective 1 January, a category III CPT (Common Procedural Terminology) code covering the SphygmoCor® test was officially released by the American Medical Association (AMA) (0311T). Clinicians now have a specific code to apply for equitable reimbursement from payers, and stronger clinical sales in the US are expected in H2.

The pharmaceutical clinical trials business, a major contributor to the strong H1 results, is expanding its reach to new clients and into new drug categories with current clients. More pharmaceutical orders are expected during H2.

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
21 February 2013

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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 2012, 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.


Michelle Chiang
Partner
PricewaterhouseCoopers

Sydney
21 February 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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AtCor Medical Holdings Limited and controlled entities
Consolidated statement of comprehensive income
For the half-year ended 31 December 2012

	Notes	Half year	
		31	31
		December 2012 \$	December 2011 \$
Revenue from sale of goods and services	4	5,429,353	3,807,778
Cost of sales of goods		(652,317)	(480,470)
Gross profit		4,777,036	3,327,308
Other revenue	4	495	681
Other income	4	981,927	179,004
Marketing and sales expense		(1,577,349)	(2,111,995)
Product development and regulatory expense		(718,181)	(1,136,643)
Occupancy expense		(70,778)	(89,898)
Administration and other expense		(1,098,025)	(1,016,912)
Foreign exchange losses		(26,828)	-
Profit/(loss) before income tax		2,268,297	(848,455)
Income tax expense		-	-
Net profit/(loss) for the period		2,268,297	(848,455)
Other comprehensive income			
Exchange differences on translation of foreign operations		15,734	(75,864)
Other comprehensive income/(loss) for the period, net of tax		15,734	(75,864)
Total comprehensive income/(loss) for the period		2,284,031	(924,319)
Total comprehensive profit/(loss) attributable to owners of AtCor Medical Holdings Limited		2,284,031	(924,319)
Earnings per share			
Basic earnings per share	8	1.51	(0.63)
Diluted earnings per share	8	1.51	(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 2012

	Notes	Half year	
		31 December 2012 \$	30 June 2012 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,138,183	1,117,306
Trade and other receivables		3,669,409	1,930,337
Inventories		491,140	542,114
Other		214,023	142,167
Total current assets		6,512,755	3,731,924
Non-current assets			
Property, plant and equipment		388,962	422,793
Intangible assets		4,204	27,041
Total non-current assets		393,166	449,834
Total assets		6,905,921	4,181,758
LIABILITIES			
Current liabilities			
Trade and other payables		2,396,154	2,219,118
Provisions		20,067	20,067
Total current liabilities		2,416,221	2,239,185
Non-current liabilities			
Provisions		64,545	58,153
Total non-current liabilities		64,545	58,153
Total liabilities		2,480,766	2,297,338
Net assets		4,425,155	1,884,420
EQUITY			
Contributed equity	5	32,109,909	31,954,152
Reserves		1,633,359	1,516,678
Accumulated losses		(29,318,113)	(31,586,410)
Total equity		4,425,155	1,884,420

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 2012

Notes	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2011	31,192,352	1,440,661	(29,600,891)	3,032,122
(Loss) for the half year	-	-	(848,455)	(848,455)
Other comprehensive income/(loss)	-	(75,864)	-	(75,864)
Total comprehensive income/(loss) for the half-year	-	(75,864)	(848,455)	(924,319)
Transactions with equity holders in their capacity as equity holders:				
Employee share options expensed	-	68,988	-	68,988
	-	68,988	-	68,988
Balance at 31 December 2011	31,192,352	1,433,785	(30,449,346)	2,176,791
Balance at 1 July 2012	31,954,152	1,516,678	(31,586,410)	1,884,420
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

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 2012

	Half year	
	31 December 2012 \$	31 December 2011 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	4,248,526	4,077,928
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(4,131,911)</u>	<u>(4,464,083)</u>
	116,615	(386,155)
Interest received	495	681
Grant cash receipts	285,141	24,032
R&D tax incentive received	696,786	-
Net cash inflow/(outflow) from operating activities	<u>1,099,037</u>	<u>(361,442)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	<u>(60,308)</u>	<u>(296,315)</u>
Net cash (outflow) from investing activities	<u>(60,308)</u>	<u>(296,315)</u>
Cash flows from financing activities		
Cost of share issue	<u>(14,427)</u>	-
Net cash (outflow) from financing activities	<u>(14,427)</u>	-
Net increase/(decrease) in cash and cash equivalents	1,024,302	(657,757)
Cash and cash equivalents at the beginning of the half-year	1,117,306	1,714,291
Effects of exchange rate changes on cash and cash equivalents	<u>(3,425)</u>	<u>55,422</u>
Cash and cash equivalents at the end of the half-year	<u>2,138,183</u>	<u>1,111,956</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 2012

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 2012 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 2012 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 2012	Europe \$	Americas \$	Asia/Pacific \$	Inter- segment eliminations/ unallocated \$	Consolidated \$
Sales to external customers	371,560	4,771,535	286,258	-	5,429,353
Intersegment sales	-	-	1,439,335	(1,439,335)	-
Revenue from sale of goods	371,560	4,771,535	1,725,593	(1,439,335)	5,429,353
Other revenue	-	-	981,927	-	981,927
Total segment revenue	371,560	4,771,535	2,707,520	(1,439,335)	6,411,280
Segment result	18,325	2,856,299	(579,499)	-	2,295,125
Unallocated revenue less unallocated expenses					(26,828)
Profit/(loss) before income tax					2,268,297
Income tax expense					-
Net profit/(loss) for the period					2,268,297
Half-year 31 December 2011					
Sales to external customers	403,872	3,059,896	344,010	-	3,807,778
Intersegment sales	-	-	1,516,711	(1,516,711)	-
Revenue from sale of goods	403,872	3,059,896	1,860,721	(1,516,711)	3,807,778
Other revenue	-	24,032	-	-	24,032
Total segment revenue	403,872	3,083,928	1,860,721	(1,516,711)	3,831,810
Segment result	(193,687)	941,213	(1,750,541)	-	(1,003,015)
Unallocated revenue less unallocated expenses					154,560
Profit/(loss) before income tax					(848,455)
Income tax expense					-
Net profit/(loss) for the period					(848,455)

AtCor Medical Holdings Limited and controlled entities

Notes to the consolidated financial statements

For the half-year ended 31 December 2012

(Continued)

Note 3 Dividends

No dividends were paid or declared since 30 June 2012 and the directors do not recommend the payment of a dividend.

Note 4 Revenue

From continuing operations	Half-year	
	2012	2011
	\$	\$
<i>Sales revenue</i>		
Sale of goods	4,734,860	3,165,596
Sales of services	694,493	642,182
	<u>5,429,353</u>	<u>3,807,778</u>
<i>Other revenue</i>		
Interest	495	681
	<u>495</u>	<u>681</u>
<i>Other Income</i>		
Grant income	285,141	24,032
R&D tax concession	696,786	-
Foreign Exchange gains	-	111,133
Other	-	43,839
	<u>981,927</u>	<u>179,004</u>

Note 5 Equity securities issued

	2012	2011	2012	2011
	Shares	Shares	\$	\$
Issues of ordinary shares during the half-year				
Issue of new fully paid ordinary shares	2,950,000	-	177,000	-
Costs of issue			(21,243)	-
Net funds received			<u>155,757</u>	<u>-</u>

Shares were issued to Directors following approval at the August 2012 extraordinary general meeting. Directors had advanced the funds to purchase these shares to AtCor in June 2012.

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 2012 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 2012

(Continued)

Note 8 Earnings per share

	Half-year	
	2012 Cents	2011 Cents
Basic earnings per share	1.51	(0.63)
Diluted earnings per share	1.51	(0.63)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	150,140,007	134,098,611
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	150,140,007	134,098,611

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 2012 there were 22,602,500 options outstanding (31 December 2011: 16,265,000) and no options were considered dilutive.

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AtCor Medical Holdings Limited and controlled entities
Directors' declaration
31 December 2012

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 2012 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
21 February 2013



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 balance sheet as at 31 December 2012, and the statement of comprehensive income, the 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 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 2012 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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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 2012 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*.

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 2012 included on Atcor Medical Holdings Limited's web site. The company's directors are responsible for the integrity of the Atcor Medical Holdings 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.

PricewaterhouseCoopers

MW Chiang
Partner

Sydney
21 February 2013

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