



AtCor Medical Holdings Limited

ASX Half-year information – 31 December 2011

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2011 Annual Report.

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AtCor Medical Holdings Limited

Interim report for the half-year ended 31 December 2011

(Previous corresponding period:

Half-year ended 31 December 2010)

Results for Announcement to the Market

				\$
Revenue from ordinary activities	Down	13.5%	to	\$3,808,459
Net loss from ordinary activities after tax attributable to members	Down	39.0%	to	\$848,455
Net loss for the period attributable to members	Down	39.0%	to	\$848,455

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

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 2011

(Previous corresponding period:

Half-year ended 31 December 2010)

Supplementary Appendix 4D Information

NTA Backing

	2011	2010
Net tangible asset backing per ordinary share	1.6 cents	3.4 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 2011.

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 2011

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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 2011 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 2011.

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 \$3,807,778, a 13% decrease over 1H 2011 (\$4,389,583) and a 24% increase over 2H 2011. In constant currency terms this was a 7.5% decrease against 1H 2011 and 22% higher than 2H 2011. The difference between actual and constant currency growth reflects the weaker US\$ and Euro over the last 6 months against prior comparable periods.

Regionally, sales in USA were down 3% versus the prior corresponding period. Of this the clinical practice and research markets experienced growth of 11% and 10% respectively while the pharmaceutical trials sector was down as a result of a delayed contract and comparison to a record half in 1H 2011. Europe continues to experience very weak economic conditions and AtCor has not been immune to the constraints placed on health budgets. Sales declined 13% vs. pcp in this region. AtCor recently reduced headcount in Europe and expects the region to produce positive contribution earnings in H2. Asia Pacific sales increased 3% pcp.

Reported gross margin was 87.3%, better than the prior reporting period at 86.3%. This positive change came about partly as a result of a greater proportion of sales being for services and was despite a stronger Australian Dollar against USD and Euro.

Tight control continues to be maintained by management over expenses. All expense lines were lower than pcp, with the exception of product development where investment is being made to expand AtCor's product offering. Expenses were 6.3% lower than pcp in constant currency terms. A foreign exchange gain of \$111,113 was recorded in the current reporting period compared to a loss in 1H 2011 of \$513,765.

AtCor booked a net loss for the period ending 31 December 2011 of \$848,455 (1H 2011: \$1,390,144).

Cash balance at the period end was \$1,111,956 (1H 2011: \$2,089,508) with net operating cash outflows of \$361,442 reported. This compares favourably to 1H 2011 which reported net operating cash outflows of \$1,558,729 for the same period.

Significant progress was made toward increasing the use of SphygmoCor in the US clinical practice market. The initiatives included the filing by the US Renal Physicians Association of a CPT code submission which would cover the SphygmoCor test; and the adoption of policy positions by The National Medical Association, The Association of Black Cardiologists and The Association of Minority Nephrologists advocating use of central blood pressure measurement as "standard of care". AtCor Medical also commenced a multi-year strategic alliance with SunTech Medical, bringing together SunTech Medical's expertise in motion-tolerant and other application specific blood pressure measurement technologies and AtCor Medical's market-leading technology for the non-invasive measurement of central aortic blood pressure.

AtCor announced earlier this month that it has been awarded a Commercialisation Australia grant, worth \$1.1 million over 2 years. This funding will help the company accelerate the release of an exciting new product range and the new technology, focused on clinical market requirements, will strengthen AtCor's ability to penetrate the US\$2.2 billion global market. The first release of the new product is on track for launch in 4Q FY2012.

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.

A handwritten signature in black ink, appearing to read 'Donald Dwyer', with a checkmark at the end.

D O'Dwyer
Chairman

Sydney
16 February 2012




Auditor's Independence Declaration

As lead auditor for the review of Atcor Medical Holdings Limited for the half year ended 31 December 2011, 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.


M W Chiang
Partner
PricewaterhouseCoopers

Sydney
16 February 2012

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AtCor Medical Holdings Limited and controlled entities
Consolidated statement of comprehensive income
For the half-year ended 31 December 2011

	Notes	Half year	
		31	31
		December 2011 \$	December 2010 \$
Revenue from sale of goods	4	3,807,778	4,389,583
Cost of sales of goods		(480,470)	(601,561)
		<u>3,327,308</u>	<u>3,788,022</u>
Other revenue	4	681	13,269
Other income	4	179,004	95,813
Marketing and sales expense		(2,111,995)	(2,491,630)
Product development and clinical trial expense		(1,136,643)	(1,080,333)
Occupancy expense		(89,898)	(69,751)
Administration and other expense		(1,016,912)	(1,131,769)
Foreign exchange losses		-	(513,765)
Loss before income tax		<u>(848,455)</u>	<u>(1,390,144)</u>
Income tax expense		-	-
Net loss for the period		<u>(848,455)</u>	<u>(1,390,144)</u>
Exchange differences on translation of foreign operations		(75,864)	54,796
Other comprehensive income/(loss) for the period, net of tax		(75,864)	54,796
Total comprehensive loss for the period		<u>(924,319)</u>	<u>(1,335,348)</u>
Total comprehensive loss attributable to owners of AtCor Medical Holdings Limited		<u>(924,319)</u>	<u>(1,335,348)</u>
Earnings per share			
Basic earnings per share	8	(0.63)	(1.29)
Diluted earnings per share	8	(0.63)	(1.29)

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 2011

	Notes	Half year	
		31 December 2011 \$	30 June 2011 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,111,956	1,714,291
Receivables		2,471,149	2,694,538
Inventories		347,956	291,720
Other		152,287	235,452
Total current assets		<u>4,083,348</u>	<u>4,936,001</u>
Non-current assets			
Property, plant and equipment		494,118	242,619
Intangible assets		49,879	72,716
Total non-current assets		<u>543,997</u>	<u>315,335</u>
Total assets		<u>4,627,345</u>	<u>5,251,336</u>
LIABILITIES			
Current liabilities			
Payables		2,390,909	2,164,795
Provisions		19,566	19,566
Total current liabilities		<u>2,410,475</u>	<u>2,184,361</u>
Non-current liabilities			
Provisions		40,079	34,853
Total non-current liabilities		<u>40,079</u>	<u>34,853</u>
Total liabilities		<u>2,450,554</u>	<u>2,219,214</u>
Net assets		<u>2,176,791</u>	<u>3,032,122</u>
EQUITY			
Contributed equity	5	31,192,352	31,192,352
Reserves		1,433,785	1,440,661
Accumulated losses		(30,449,346)	(29,600,891)
Total equity		<u>2,176,791</u>	<u>3,032,122</u>

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 2011

	Notes	Contributed Equity \$	Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2010		29,039,194	1,217,378	(26,519,807)	3,736,765
Loss for the half year		-	-	(1,390,144)	(1,390,144)
Other comprehensive income		-	54,796	-	54,796
Total comprehensive income/(loss) for the half-year		-	54,796	(1,390,144)	(1,335,348)
Transactions with equity holders in their capacity as equity holders:					
Capital placement & rights issue (net)	5	2,154,455	-	-	2,154,455
Options exercised		-	79,907	-	79,907
		<u>2,154,455</u>	<u>79,907</u>	<u>-</u>	<u>2,234,362</u>
Balance at 31 December 2010		31,193,649	1,352,081	(27,909,951)	4,635,779
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		-	(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
		<u>-</u>	<u>68,988</u>	<u>-</u>	<u>68,988</u>
Balance at 31 December 2011		31,192,352	1,433,785	(30,449,346)	2,176,791

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 2011

	Half year	
	31 December 2011 \$	31 December 2010 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	4,077,928	3,405,813
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(4,464,083)</u>	<u>(5,061,471)</u>
	(386,155)	(1,655,658)
Interest received	681	13,269
Grant cash receipts	<u>24,032</u>	<u>83,660</u>
Net cash (outflow) from operating activities	<u>(361,442)</u>	<u>(1,558,729)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	<u>(296,315)</u>	<u>(52,347)</u>
Net cash (outflow) from investing activities	<u>(296,315)</u>	<u>(52,347)</u>
Cash flows from financing activities		
Issue of shares (net)	-	2,154,455
Net cash inflow from financing activities	<u>-</u>	<u>2,154,455</u>
Net increase/(decrease) in cash and cash equivalents	(657,757)	543,379
Cash and cash equivalents at the beginning of the half-year	1,714,291	1,608,504
Effects of exchange rate changes on cash and cash equivalents	<u>55,422</u>	<u>(62,375)</u>
Cash and cash equivalents at the end of the half-year	<u>1,111,956</u>	<u>2,089,508</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 2011

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 2011 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 2011 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				Inter-	
31 December 2011	Europe	Americas	Asia/Pacific	segment	Consolidated
	\$	\$	\$	eliminations/ unallocated	\$
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
(Loss) before income tax					(848,455)
Half-year					
31 December 2010					
Sales to external customers	487,419	3,571,136	331,028	-	4,389,583
Intersegment sales	-	-	1,490,556	(1,490,556)	-
Revenue from sale of goods	487,419	3,571,136	1,821,584	(1,490,556)	4,389,583
Other revenue	-	-	-	13,269	13,269
Total segment revenue	487,419	3,571,136	331,028	13,269	4,402,852
Segment result	(402,104)	1,697,406	(34,717)	13,269	1,273,854
Unallocated revenue less unallocated expenses					(2,663,998)
(Loss) before income tax					(1,390,144)

AtCor Medical Holdings Limited and controlled entities

Notes to the consolidated financial statements

For the half-year ended 31 December 2011

(Continued)

Note 3 Dividends

No dividends were paid or declared since 30 June 2011 and the directors do not recommend the payment of a dividend.

Note 4 Revenue

From continuing operations	Half-year	
	2011 \$	2010 \$
<i>Sales revenue</i>		
Sale of goods	3,165,596	3,976,947
Sales of services	642,182	412,636
	<u>3,807,778</u>	<u>4,389,583</u>
<i>Other revenue</i>		
Interest	681	13,269
	<u>681</u>	<u>13,269</u>
<i>Other Income</i>		
Grant income	24,032	83,660
Foreign Exchange gains	111,133	-
Other	43,839	12,153
	<u>179,004</u>	<u>95,813</u>

Note 5 Equity securities issued

	2011 Shares	2010 Shares	2011 \$	2010 \$
Issues of ordinary shares during the half-year				
Issue of new fully paid ordinary shares	-	33,706,944	-	2,359,486
Costs of issue			-	(205,031)
Net funds received			<u>-</u>	<u>2,154,455</u>

Note 6 Contingent liabilities

There are no contingent liabilities.

Note 7 Event occurring after reporting date

On 2 February 2012 AtCor announced it had been awarded a Commercialisation Australia grant for \$1.1 million to allow the company to complete development of, and then market, a new product range. These funds will be received over a 2 year period.

AtCor Medical Holdings Limited and controlled entities

Notes to the consolidated financial statements

For the half-year ended 31 December 2011

(Continued)

Note 8 Earnings per share

	Half-year	
	2011	2010
	Cents	Cents
Basic earnings per share	(0.63)	(1.29)
Diluted earnings per share	(0.63)	(1.29)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	134,098,611	108,061,629
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	134,098,611	108,257,281

Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. As at 31 December 2011 there were 16,265,000 options outstanding (31 December 2010: 15,915,000). The options have not been included in the determination of basic earnings per share.

AtCor Medical Pty Limited and controlled entities
Directors' declaration
31 December 2011

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 2011 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.

Note 1 confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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
16 February 2012



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 2011, 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 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 AtCor's financial position as at 31 December 2011 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*.

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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 2011 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 2011 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


M W Chiang
Partner

Sydney
16 February 2012