



# AtCor Medical Holdings Limited

## ASX Half-year information – 31 December 2007

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2007 Annual Report.

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**AtCor Medical Holdings Limited**  
Half-year ended 31 December 2007  
(Previous corresponding period:  
Half-year ended 31 December 2006)

**Results for Announcement to the Market**

				<b>\$</b>
<b>Revenue</b> from ordinary activities	Up	17%	to	3,057,637
<b>(Loss)</b> from ordinary activities after tax attributable to members	Down	27%	to	1,678,798
<b>Net (loss)</b> for the period attributable to members	Down	27%	to	1,678,798

<b>Dividends/distributions</b>	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**  
Half-year ended 31 December 2007  
(Previous corresponding period:  
Half-year ended 31 December 2006)

**Supplementary Appendix 4D Information**

**NTA Backing**

	2007	2006
Net tangible asset backing per ordinary share	7.6 cents	11.9 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 2007.

**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 2007

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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 2007 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 2007.

#### **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  
Lisa E McIntyre  
Duncan R Ross (President and CEO)

The following director retired during the reporting period:

Andrew R Harricks (retired effective 14 November 2007)

#### **Review of operations**

During the past six months, AtCor continued to increase revenue through further penetration of the global pharmaceutical market and greater levels of clinical adoption, while positioning the company for future growth.

The company announced record sales of \$3,057,637 for the six months to 31 December 2007, up 17 per cent on the previous corresponding period (pcp) (HY2007: \$2,623,778). In constant currency terms, sales increased 26 per cent on the pcp.

European sales increased 78 per cent on the pcp, driven by AtCor's strategy of extending its distribution network in Eastern Europe and greater demand from pharmaceutical clinical trials. In constant currency terms, sales grew 86 per cent.

Sales in the United States were \$1,582,545, marginally below pcp. This was in line with company expectations, as H1 FY2007 included AtCor's single largest order (USD1.1 million). In constant currency terms, sales were 95 per cent of pcp. H1 FY2008 clinical and research sector sales, excluding sales to the pharmaceutical sector, grew 39 per cent on the pcp. The company anticipates strong second half growth in the United States.

In other markets including Asia and Australia/New Zealand, sales increased strongly from a low base. Further sales growth is anticipated in the next six months as the company expands sub-dealership distribution agreements in China and increases marketing activity in India.


Gross margin increased to 83 per cent (2007: 77 per cent). The company expects to maintain margins above 80 per cent. Tight cost controls ensured expenses were maintained at 2007 levels.

The company's H1 FY2008 loss was \$1,678,898, which was within management expectations (H1 FY2007: \$2,305,290 loss). Cash and equivalents at 31 December 2007 were \$4,570,870. The directors and management remain focused on efficient cash management and, with anticipated sales growth, strong margins and effective expense control, a further reduction in cash usage is expected.

**Auditors Independence Declaration**

A copy of the auditors' 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  
22 February 2008

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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 2007, 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.



Mark Dow  
PricewaterhouseCoopers

22 February 2008

**AtCor Medical Holdings Limited and controlled entities****Consolidated income statement**

For the half-year ended 31 December 2007

	Notes	Half year	
		31 December 2007 \$	31 December 2006 \$
Revenue from sale of goods		3,057,637	2,623,778
Cost of sales of goods		(528,253)	(596,233)
		<u>2,529,384</u>	<u>2,027,545</u>
Other revenue		316,361	10,117
Other income		249,908	361,431
Marketing and sales expense		(2,591,118)	(2,845,197)
Product development and clinical trial expense		(870,238)	(717,529)
Occupancy expense		(80,422)	(97,460)
Administration and other expense		(1,141,226)	(1,004,959)
<b>(Loss) before income tax</b>		<u>(1,587,351)</u>	<u>(2,266,052)</u>
Income tax expense		(91,447)	(39,238)
<b>Net (loss) for the half-year attributable to member of AtCor</b>		<u>(1,678,798)</u>	<u>(2,305,290)</u>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	6	(1.68)	(2.31)
Diluted earnings per share	6	(1.68)	(2.31)

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

**AtCor Medical Holdings Limited and controlled entities**  
**Consolidated balance sheet**  
As at 31 December 2007

	31 December 2007 \$	30 June 2007 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,570,870	6,999,422
Receivables	1,660,046	1,445,712
Inventories	370,398	383,032
Other	115,242	195,714
Total current assets	<u>6,716,556</u>	<u>9,023,880</u>
<b>Non-current assets</b>		
Receivables	1,903,442	1,828,397
Property, plant and equipment	297,818	284,280
Intangible assets	245,185	268,022
Total non-current assets	<u>2,446,445</u>	<u>2,380,699</u>
<b>Total assets</b>	<u>9,163,001</u>	<u>11,404,579</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1,220,244	1,984,695
Provisions	123,104	19,237
Total current liabilities	<u>1,343,348</u>	<u>2,003,932</u>
<b>Non-current liabilities</b>		
Provisions	20,597	18,175
Total non-current liabilities	<u>20,597</u>	<u>18,175</u>
<b>Total liabilities</b>	<u>1,363,945</u>	<u>2,022,107</u>
<b>Net assets</b>	<u>7,799,056</u>	<u>9,382,472</u>
<b>EQUITY</b>		
Contributed equity	28,981,611	28,981,611
Reserves	311,829	216,447
Accumulated losses	(21,494,384)	(19,815,586)
<b>Total equity</b>	<u>7,799,056</u>	<u>9,382,472</u>

*The above consolidated balance sheet 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 2007

	Half year	
	31 December 2007	31 December 2006
	\$	\$
<b>Total equity at the beginning of the half-year</b>	<u>9,382,472</u>	14,406,647
(Loss) for the half-year	<u>(1,678,798)</u>	(2,305,290)
<b>Total recognised income and expense for the half-year</b>	<u>(1,678,798)</u>	(2,305,290)
Transactions with equity holders in their capacity as equity holders:		
Employee share options	<u>95,382</u>	82,950
	<u>95,382</u>	82,950
<b>Total equity at the end of the half-year</b>	<u>7,799,056</u>	12,184,307
<b>Total recognised income and expense for the half-year is attributable to members of AtCor Medical Holdings Limited</b>	<u>(1,678,798)</u>	(2,305,290)

*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 cash flow statement**  
For the half-year ended 31 December 2007

	<b>Half year</b>	
	<b>31 December 2007</b>	<b>31 December 2006</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	<b>2,995,660</b>	2,214,878
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(5,848,959)</b>	(5,383,453)
	<b>(2,853,299)</b>	(3,168,575)
Interest received	<b>174,862</b>	298,369
Other revenue	<b>302,602</b>	-
<b>Net cash (outflow) from operating activities</b>	<b>(2,375,835)</b>	(2,870,206)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<b>(52,717)</b>	(176,713)
<b>Net cash (outflow) from investing activities</b>	<b>(52,717)</b>	(176,713)
<b>Net (decrease) in cash and cash equivalents</b>	<b>(2,428,552)</b>	(3,046,919)
Cash and cash equivalents at the beginning of the half-year	<b>6,999,422</b>	11,811,378
<b>Cash and cash equivalents at the end of the half-year</b>	<b>4,570,870</b>	8,764,459

*The above consolidated cash flow statement should be read in conjunction with the accompanying notes.*

## AtCor Medical Holdings Limited and controlled entities

### Notes to the financial statements

For the half-year ended 31 December 2007

#### 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 2007 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

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 2007 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

<b>Half-year</b>	<b>Europe</b>	<b>United</b>	<b>Rest of</b>	<b>Inter-</b>	<b>Consolidated</b>
<b>31 December 2007</b>	<b>\$</b>	<b>States</b>	<b>World</b>	<b>segment</b>	<b>\$</b>
		<b>\$</b>	<b>\$</b>	<b>eliminations/ unallocated</b>	
				<b>\$</b>	
Revenue from sale of goods	1,176,810	1,582,545	298,282	-	3,057,637
Other revenue	-	-	-	316,361	316,361
Total segment revenue	<u>1,176,810</u>	<u>1,582,545</u>	<u>298,282</u>	<u>316,361</u>	<u>3,373,998</u>
Segment result	<u>(35,015)</u>	<u>(491,641)</u>	<u>39,090</u>		<u>(487,566)</u>
Unallocated revenue less unallocated expenses					<u>(1,099,785)</u>
(Loss) before income tax					<u><u>(1,587,351)</u></u>
<b>Half-year</b>					
<b>31 December 2006</b>					
Revenue from sale of goods	662,514	1,878,211	83,053	-	2,623,778
Other revenue	-	-	-	10,117	10,117
Total segment revenue	<u>662,514</u>	<u>1,878,211</u>	<u>83,053</u>	<u>10,117</u>	<u>2,633,895</u>
Segment result	<u>(144,168)</u>	<u>(847,840)</u>	<u>(123,263)</u>	<u>-</u>	<u>(1,115,271)</u>
Unallocated revenue less unallocated expenses					<u>(1,150,781)</u>
(Loss) before income tax					<u><u>(2,266,052)</u></u>

#### Note 3 Dividends

No dividends were paid or declared since 30 June 2007 and the directors do not recommend the payment of a dividend.

## AtCor Medical Holdings Limited and controlled entities

### Notes to the consolidated financial statements

For the half-year ended 31 December 2007

(Continued)

#### Note 4 Contingent liabilities

There are no contingent liabilities.

#### Note 5 Event occurring after reporting date

No matter or circumstance has arisen since 31 December 2007 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.

#### Note 6 Earnings per share

	Half-year	
	2007	2006
	Cents	Cents
Basic earnings per share	(1.68)	(2.31)
Diluted earnings per share	(1.68)	(2.31)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	100,000,000	100,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	100,000,000	100,000,000

##### *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 2007 there were 8,815,000 options outstanding (31 December 2006: 4,790,000). 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 2007**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 10 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 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, 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.

This declaration is made in accordance with a resolution of the directors.



D O'Dwyer  
Director

Sydney  
22 February 2008

**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 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other 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 (the company) 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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 an Interim 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 2007 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of AtCor Medical Holdings Limited for the half-year ended 31 December 2007 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 financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. 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.

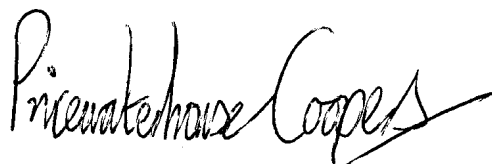
*Independence*

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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Mark Dow  
Partner

Sydney  
22 February 2008