



AtCor Medical Holdings Limited

ASX Half-year information – 31 December 2009

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2009 Annual Report.

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AtCor Medical Holdings Limited
Half-year ended 31 December 2009
(Previous corresponding period:
Half-year ended 31 December 2008)

Results for Announcement to the Market

				\$
Revenue from ordinary activities	Down	20.3%	to	4,417,149
Net loss from ordinary activities after tax attributable to members	Down		to	(1,177,526)
Net loss for the period attributable to members	Down		to	(1,177,526)

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
Half-year ended 31 December 2009
(Previous corresponding period:
Half-year ended 31 December 2008)

Supplementary Appendix 4D Information

NTA Backing

	2009	2008
Net tangible asset backing per ordinary share	3.5 cents	5.9 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 2009.

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 2009

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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 2009 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 2009.

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 \$4,383,981, a decline of 18.4 % from 1H09 (\$5,377,038). This resulted from difficult trading conditions in most of AtCor's key markets but also reflected the impact of the weaker US dollar and delays in pharmaceutical trial contracts. Sales were down 13% in constant currency terms, but would have exceeded the prior year if one delayed order that was expected in December had been received. Non-pharma sales grew by 17% (constant currency) over 1H09.

Regionally, sales in USA were down 6% versus the prior period, though encouragingly an increase of 59% was recorded in the clinical practice segment, which is the long-term target market for the company's SphygmoCor® system. In Europe, where Government health budgets and private funding were hard hit, sales were 36% lower on pcp. Some improvement was forthcoming towards the end of the period. Asia Pacific grew sales by 20%.

A return to growth is anticipated in the 2nd half of this financial year as late stage discussions with a number of pharma companies are expected to translate to orders. Additionally, large orders in USA and Asia-Pacific are being negotiated, and orders are expected to start to flow from newly entered markets in the Middle East..

Reported gross margin was 90.1%, markedly up from the prior reporting period at 82.6%. This was primarily due to an increased proportion of sales revenue from service activities, cost of goods sold improvements, and product mix.

Tight control continues to be maintained by management over expenses and we are pleased to report that costs in all areas were held flat against pcp. A significant change in foreign exchange gains and losses was recorded. A foreign exchange loss of \$191,605 in the current reporting period compares to a reported gain in 1H09 of \$604,524.

AtCor booked a net loss for the period ending 31 December 2009 of \$1,177,526 (1H09: profit \$180,477). The turnaround can be attributed in large part to the abovementioned movement in foreign exchange. Cash balance at the period end was \$1,971,734 with net cash outflows of \$1,324,746.

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
18 February 2010

Auditor's Independence Declaration

As lead auditor for the review of AtCor Medical Holdings Limited for the half year ended 31 December 2009, 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

18 February 2010

AtCor Medical Holdings Limited and controlled entities
Consolidated statement of comprehensive income
For the half-year ended 31 December 2009

	Notes	Half year	
		31	31
		December 2009 \$	December 2008 \$
Revenue from sale of goods	4	4,383,981	5,377,038
Cost of sales of goods		(432,036)	(931,796)
		<u>3,951,945</u>	<u>4,445,242</u>
Other revenue	4	33,168	164,224
Other income	4	302,354	965,574
Depreciation & amortisation expense		(64,678)	(87,265)
Marketing and sales expense		(3,048,428)	(3,134,320)
Product development and clinical trial expense		(864,444)	(962,991)
Occupancy expense		(69,568)	(36,659)
Administration and other expense		(1,226,270)	(1,135,940)
Foreign exchange losses		(191,605)	-
(Loss)/Profit before income tax		(1,177,526)	217,865
Income tax expense		-	(37,388)
Net (loss)/profit for the period		(1,177,526)	180,477
Exchange differences on translation of foreign operations		74,669	(145,820)
Other comprehensive income/(loss) for the period, net of tax		74,669	(145,820)
Total comprehensive income/(loss) for the period		(1,102,857)	34,657
Total comprehensive (loss)/income attributable to owners of AtCor Medical Holdings Limited		<u>(1,102,857)</u>	<u>34,657</u>
Earnings per share		Cents	Cents
Basic earnings per share	8	(1.18)	0.18
Diluted earnings per share	8	(1.18)	0.18

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 2009

	Notes	31 December 2009 \$	30 June 2009 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,971,734	3,416,293
Receivables		2,570,442	3,382,307
Inventories		458,628	434,117
Other		170,452	138,995
Total current assets		<u>5,171,257</u>	<u>7,371,712</u>
Non-current assets			
Property, plant and equipment		307,827	351,775
Intangible assets		153,837	176,674
Total non-current assets		<u>461,664</u>	<u>528,449</u>
Total assets		<u>5,632,921</u>	<u>7,900,161</u>
LIABILITIES			
Current liabilities			
Payables		1,900,297	3,223,065
Provisions		-	4,054
Total current liabilities		<u>1,900,297</u>	<u>3,227,119</u>
Non-current liabilities			
Provisions		28,046	28,020
Total non-current liabilities		<u>28,046</u>	<u>28,020</u>
Total liabilities		<u>1,928,343</u>	<u>3,255,139</u>
Net assets		<u>3,704,578</u>	<u>4,645,022</u>
EQUITY			
Contributed equity	5	29,039,194	28,981,611
Reserves		1,142,661	963,161
Accumulated losses		(26,477,276)	(25,299,750)
Total equity		<u>3,704,578</u>	<u>4,645,022</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 2009

	Half year	
	31 December 2009 \$	31 December 2008 \$
Total equity at the beginning of the half-year	4,645,022	5,961,497
Total comprehensive (loss)/income for the half-year	(1,102,857)	34,657
Total recognised income and expense for the half-year	(1,102,857)	34,657
Transactions with equity holders in their capacity as equity holders:		
Employee share options expensed	104,830	107,748
Options exercised	57,583	-
	162,413	107,748
Total equity at the end of the half-year	3,704,578	6,103,902

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 2009

	Half year	
	31 December 2009 \$	31 December 2008 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	3,435,897	4,733,214
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(5,874,608)</u>	<u>(6,185,701)</u>
	(2,438,711)	(1,452,487)
Interest received	33,168	126,979
Other revenue	184,657	166,105
Net cash (outflow) from operating activities	<u>(2,220,886)</u>	<u>(1,159,403)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(15,140)	(82,291)
Repayment of related party loans	853,697	508,979
Net cash inflow/(outflow) from investing activities	<u>838,557</u>	<u>426,688</u>
Cash flows from financing activities		
Issue of shares	57,583	-
Net cash inflow from financing activities	<u>57,583</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	(1,324,746)	(732,715)
Cash and cash equivalents at the beginning of the half-year	3,416,293	3,316,165
Effects of exchange rate changes on cash and cash equivalents	<u>(119,813)</u>	<u>341,034</u>
Cash and cash equivalents at the end of the half-year	<u>1,971,734</u>	<u>2,924,484</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 financial statements

For the half-year ended 31 December 2009

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 2009 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 2009 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 2009	Europe \$	Americas \$	Asia/Pacific \$	Inter- segment eliminations/ unallocated \$	Consolidated \$
Revenue from sale of goods	836,178	3,195,258	352,545	-	4,383,981
Other revenue	-	-	-	33,168	33,168
Total segment revenue	<u>836,178</u>	<u>3,195,258</u>	<u>352,545</u>	<u>33,168</u>	<u>4,417,810</u>
Segment result	<u>(205,885)</u>	<u>1,079,483</u>	<u>(16,341)</u>	<u>33,168</u>	890,425
Unallocated revenue less unallocated expenses					<u>(2,067,951)</u>
(Loss) before income tax					<u><u>(1,177,526)</u></u>
Half-year 31 December 2008					
Revenue from sale of goods	1,481,599	3,563,495	331,944	-	5,377,038
Other revenue	-	-	-	164,224	164,224
Total segment revenue	<u>1,481,599</u>	<u>3,563,495</u>	<u>331,944</u>	<u>164,224</u>	<u>5,541,262</u>
Segment result	<u>474,299</u>	<u>743,805</u>	<u>90,163</u>		1,308,267
Unallocated revenue less unallocated expenses					<u>(1,090,402)</u>
Profit before income tax					<u><u>217,865</u></u>

Note 3 Dividends

No dividends were paid or declared since 30 June 2009 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 2009

(Continued)

Note 4 Revenue

From continuing operations	Half-year	
	2009	2008
<i>Sales revenue</i>		
Sale of goods	3,550,417	4,603,771
Sales of services	833,564	773,267
	<u>4,383,981</u>	<u>5,377,038</u>
<i>Other revenue</i>		
Interest	33,168	164,224
	<u>33,168</u>	<u>164,224</u>
<i>Other Income</i>		
Grant income	279,068	333,572
Foreign currency exchange gains	-	604,524
Other	23,286	27,478
	<u>302,354</u>	<u>965,574</u>

Note 5 Equity securities issued

	2009 Shares	2008 Shares	2009 \$	2008 \$
Issues of ordinary shares during the half-year				
Exercise of options issued under the AtCor Employee Share Option Plan	391,667	-	57,583	-

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 2009 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 2009

(Continued)

Note 8 Earnings per share

	Half-year	
	2009	2008
	Cents	Cents
Basic earnings per share	(1.18)	0.18
Diluted earnings per share	(1.18)	0.16
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	100,077,899	100,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	108,262,029	102,163,016

Options

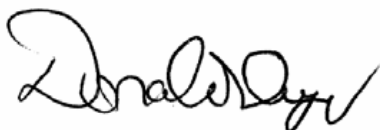
Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. As at 31 December 2009 there were 13,640,000 options outstanding (31 December 2008: 13,500,000). The options have not been included in the determination of basic earnings per share.

AtCor Medical Pty Limited and controlled entities
Directors' declaration
31 December 2009

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 2009 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.

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



D O'Dwyer
Director

Sydney
18 February 2010

Independent auditors' 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 comprise the balance sheet as at 31 December 2009, and the income statement, the statement of comprehensive income, 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 both Atcor Medical Holdings Limited and Atcor. Atcor comprises 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.

Auditors' 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 Atcor's financial position as at 31 December 2009 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.

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

**Independent auditors' review report to the members of
Atcor Medical Holdings Limited (continued)**

assurance on internal controls.

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

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 Atcor' financial position as at 31 December 2009 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



M Dow
Partner

Sydney
18 February 2010