

Rights Issue Booklet

AtCor Medical Holdings Limited

ACN 113 252 234

Details of a 1 for 10 Non-Renounceable Rights Issue
of AtCor Medical Holdings Limited Ordinary Shares
at an Issue Price of A\$0.18 per New Share

The Rights Issue Closes at
5.00 pm (Sydney Time) on **16 July 2015**

Lead Manager & Underwriter
Taylor Collison Limited

This Rights Issue Booklet is **not** a prospectus and has not been lodged with ASIC. It does not contain all the information that an investor would find in a prospectus or on which an investor would expect to make an informed decision as to whether or not to accept this offer. As AtCor is a listed disclosing entity which meets the requirements of section 708AA of the Corporations Act as modified by ASIC Class Order CO 08/35, the Rights Issue will be made without a prospectus.

This is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This document requires your immediate attention and if you are in any doubt about its contents or the course of action you should take, please call your broker or professional adviser if you have any questions.

Important Notices

Introduction

This Rights Issue Booklet (**Rights Issue Booklet**) contains an offer of New Shares to Eligible Shareholders in Australia and New Zealand and has been prepared in accordance with section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as notionally modified by Australian Securities and Investments Commission (**ASIC**) Class Order 08/35.

This Rights Issue Booklet is dated 1 July 2015.

Responsibility

This Rights Issue Booklet and the enclosed personalised Entitlement and Acceptance Form have been prepared by AtCor Medical Holdings Limited (ACN 113 252 234 (**AtCor**)).

No person other than AtCor has authorised or caused the issue of this Rights Issue Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Rights Issue Booklet.

Future Performance and Forward Looking Statements

Neither AtCor nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made under this Rights Issue Booklet. Forward looking statements, opinions and estimates provided in this Rights Issue Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of AtCor, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Rights Issue Booklet.

Currency

Unless otherwise specified, all dollar values in this Rights Issue Booklet are in Australian dollars (**A\$**).

Foreign Jurisdictions

This Rights Issue Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to lodge this Rights Issue Booklet in any jurisdiction outside of Australia, or to otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Rights Issue Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Rights Issue Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

Important Information – New Zealand residents

The New Shares being offered under this Rights Issue Booklet are also being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). This Rights Issue Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Table of contents

1.	DETAILS OF THE RIGHTS ISSUE	4
1.1	Introduction.....	4
1.2	No rights trading.....	4
1.3	Your Entitlement.....	4
1.4	Eligible Shareholders	5
1.5	Commencement of the Rights Issue.....	5
1.6	Applications	5
1.7	Underwriting	5
1.8	Ineligible Shareholders	5
1.9	What is the Position with Nominees?	6
1.10	Shareholder Enquiries.....	6
2.	HOW TO APPLY	6
2.1	Consider the Rights Issue in light of your particular investment objectives and circumstances	6
2.2	Acceptance of all or part of your Entitlement.....	6
2.3	Payment Methods	7
2.4	Representations by Acceptance	8
3.	RISKS.....	9
3.1	Overview.....	9
3.2	General investment risks	9
3.3	Risks specific to AtCor	9
4.	ADDITIONAL IMPORTANT INFORMATION	11
4.1	Investment Decisions and Risks.....	11
4.2	ASX Quotation of New Shares	11
4.3	Additional New Shares and Allocation Policy.....	12
4.4	No Cooling off Rights	12
4.5	Not Investment Advice	12
4.6	Taxation.....	12
4.7	Rounding of Entitlements	13
4.8	Information Availability	13
4.9	Future Performance and Forward Looking Statements	13
4.10	Past Performance	13
4.11	Governing Law	13
4.12	Underwriting	14
4.13	Other interests.....	14
4.14	Privacy.....	14
4.15	Disclaimer of Representations	15

AtCor Website

To view annual reports, shareholder and company information, news announcements, background information on AtCor's business and historical information, please visit AtCor's website at www.atcormedical.com.

Chairman's Letter

1 July 2015

Dear Shareholder

AtCor Medical Holdings Limited – Non-Renounceable Rights Issue

On behalf of AtCor Medical Holdings Limited (**AtCor**), I am pleased to invite you to participate in a non-renounceable pro-rata rights issue which gives you the opportunity (an **Entitlement** or **Right**) to subscribe for 1 new AtCor ordinary share (**New Share**) for every 10 existing AtCor ordinary shares (**Shares**) you held, at an issue price of A\$0.18 per New Share (the **Rights Issue**).

On 17 June 2015, AtCor announced it had completed a placement of shares to sophisticated investors introduced by Taylor Collison, raising A\$1,962,000. In addition to this AtCor has announced this Rights Issue to raise A\$3,202,811.

The Rights Issue has been fully underwritten by Taylor Collison Limited.

Significant recent accomplishments include:

- The Renal Physicians Association (RPA) securing a CPT1 code from the American Medical Association that covers the SphygmoCor test. This is a seminal event in AtCor's history. Building a clinical business in the world's largest medical device market has been a cornerstone of AtCor Medical's investment strategy since our IPO in 2005 and this code marks a significant step towards more widespread clinical adoption and greater patient access to life-saving technology. The US clinical market for the SphygmoCor product is estimated to be in excess of US\$800 million, and these funds will give AtCor the resources to pursue this huge opportunity.
- Publication of clinical guidelines by North American Artery for use of central aortic blood pressure wave form analysis and indices in patient management, further supporting the adoption of AtCor's market leading technology in clinical practice.
- CE Mark being applied to the new Oscar2 with SphygmoCor inside. This jointly-developed device with SunTech Medical, Inc. (a Halma Plc company) opens a new product segment for AtCor.

A more detailed explanation of the reimbursement process and other relevant company information may be found in our presentation to investors in May 2015, (http://www.atcormedical.com/pdf/news_050515.pdf), or more generally through our website, www.atcormedical.com.

AtCor intends to use the proceeds of the Rights Issue and the Institutional Placement for funding:

- Costs for additional personnel, consulting and other services in preparation for the CPT1 code in the USA that is expected to take effect from 1 January 2016;
 - Acceleration of the company's product development program; and
 - Additional working capital.
-

You will find enclosed in this mail pack important information, including:

- key dates for the Rights Issue;
- instructions on “How to Apply” setting out how to accept all or part of your Entitlement or apply for additional New Shares in the Rights Issue if you choose to do so¹;
- an Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions on “How to Apply”.

The Rights Issue closes at 5:00 pm (Sydney time) on 16 July 2015. To participate, you need to ensure that your completed Entitlement and Acceptance Form (with your Application Monies) is received by AtCor **OR** that you have paid your Application Monies via BPAY® prior to the Rights Issue closing date and time, in line with the instructions that are set out on the Entitlement and Acceptance Form. Please refer to the instructions on “How to Apply” that accompany this letter for further information.

Entitlements are non-renounceable, which means that eligible shareholders who do not wish to participate in the Rights Issue will not be able to trade their Entitlements on the ASX. In addition, shareholders are able to apply for more shares than their Entitlement.

AtCor has enjoyed very strong shareholder support over the years and is conscious of providing all shareholders with the opportunity, where possible, to participate in the future growth of the company.

We look forward to your consideration of this Rights Issue and your continued support.

Yours sincerely

AtCor Medical Holdings Limited



Donal O'Dwyer
Chairman

¹ There is no guarantee of the number of new shares (if any) that will be available for shareholders to take-up in addition to their entitlement under the Rights Issue. The allocation policy of any applications for additional shares will be determined by the Lead Manager and Underwriter and AtCor in their absolute discretion.

Key Dates for the Rights Issue

Event	Date
Entitlement Date (shares are quoted on an "ex" basis)	Friday, 26 June 2015
Record Date for the Rights Issue	7:00 pm on Tuesday, 30 June 2015
Mailing of Rights Issue Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Wednesday, 1 July 2015
Rights Issue opening date	Monday, 6 July 2015
Rights Issue closing date – last date for receipt of acceptances and payment of application money in full	5:00 pm (Sydney time) on Thursday, 16 July 2015
Completion of issue of New Shares under the Rights Issue and despatch of holding statements and CHESS notices	Thursday, 23 July 2015
Normal trading of New Shares issued under the Rights Issue expected to commence on ASX	Friday, 24 July 2015

Note: Dates and times are indicative only and subject to change. All times and dates refer to Australian Eastern Standard Time (AST) (Sydney time).

Applicants are encouraged to submit their Entitlement and Acceptance Form and application moneys as soon as possible after the Rights Issue opens. AtCor, in conjunction with the Underwriter, reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary any of the above dates of the Rights Issue, including extending the Rights Issue or accepting late applications, either generally or in particular cases, without notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. No cooling off rights apply to the Rights Issue.

If you are in doubt as to the course you should follow you should consult your stockbroker, accountant, solicitor or other independent professional adviser.

1. DETAILS OF THE RIGHTS ISSUE

1.1 Introduction

Eligible Shareholders are being offered the opportunity (**Entitlement**) to subscribe for 1 new AtCor ordinary share (**New Share**) for every 10 AtCor ordinary shares (**Shares**) held at 6:00 pm (Sydney time) on Tuesday, 30 June 2015, at the issue price of A\$0.18 per New Share (**Issue Price**). The Rights Issue is fully underwritten by the Underwriter and will raise approximately A\$3,202,811 (before the deduction of related expenses) and result in the issue of approximately 17,793,393 New Shares.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that New Shares in excess of Entitlements will only be allocated to Eligible Shareholders if and to the extent that AtCor so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Rights Issue. Any New Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares available due to a shortfall in valid applications. AtCor may apply any scale-back (in its absolute discretion).

The Rights Issue is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus. As a result, it is important for Eligible Shareholders to read and understand the information on AtCor and the Rights Issue made publicly available, prior to accepting all or part of their Entitlement or applying for Additional New Shares. In particular, please refer to this Rights Issue Booklet, AtCor's interim and annual reports and other announcements made available at www.atcormedical.com and also at www.asx.com.au (including AtCor's Financial Report for the half year ended 31 December 2014 that was released to ASX on 23 February 2015).

1.2 No rights trading

The Offer is non-renounceable. There will be no trading of Rights on the ASX and Rights may not be otherwise sold or transferred.

1.3 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 10 Shares you held as at the record date of 7:00 pm (Sydney time) on Tuesday, 30 June 2015, rounded up to the nearest whole New Share.

If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Shares issued pursuant to the Rights Issue will be fully paid and rank equally with existing AtCor ordinary shares on issue.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up.

1.4 Eligible Shareholders

Eligible Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 7:00 pm on Tuesday, 30 June 2015 (the **Record Date**);
- have a registered address in either Australia or New Zealand; and
- are otherwise eligible under all applicable securities laws to receive an offer under the Rights Issue.

1.5 Commencement of the Rights Issue

The Rights Issue opens on Monday, 6 July 2015 and is expected to close at 5.00 pm (Sydney time) on Thursday, 16 July 2015. AtCor reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to vary the dates of the Rights Issue, including extending the Rights Issue or accepting late applications, either generally or in particular cases, without notice. No cooling off rights apply to the Rights Issue.

1.6 Applications

Detailed information on how to apply for New Shares is set out in Section 2 of this Rights Issue Booklet in the section “How to Apply”. Eligible Shareholders wishing to acquire New Shares under the Rights Issue are encouraged to submit their Entitlement and Acceptance Form and Application Monies or make their BPAY® payment as soon as possible after the Rights Issue opens.

1.7 Underwriting

The Rights Issue is fully underwritten by Taylor Collison Limited (the **Underwriter**). For further information on the underwriting and sub-underwriting arrangements, including the circumstances entitling the Underwriter to terminate its underwriting obligations, please refer to Section 4.12 of this Rights Issue Booklet. The Underwriter has not authorised or caused the issue of, and takes no responsibility for, this Rights Issue Booklet.

1.8 Ineligible Shareholders

The Offer is being made to Eligible Shareholders with registered addresses in Australia and New Zealand only.

In accordance with the ASX Listing Rules and the Corporations Act, AtCor has decided that it would be unreasonable to extend the Rights Issue to Shareholders in countries other than Australia and New Zealand, having regard to:

- the number of Shareholders with a registered address in those countries;
 - the number and value of New Shares that would be issued under the Rights Issue to Shareholders with a registered address in those countries; and
-

- costs of complying with legal and other regulatory requirements in those countries.

1.9 What is the Position with Nominees?

The Rights Issue is being made to Eligible Shareholders. AtCor is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

Where any holder is acting as a nominee for a foreign person that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Rights Issue is compatible with applicable foreign laws.

1.10 Shareholder Enquiries

If you are in doubt as to the course you should follow you should consult your stockbroker, accountant, solicitor or other professional adviser.

If you:

- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call AtCor's Company Secretary on +61 2 9874 8761 at any time from 8:30 am to 5:30 pm (Sydney time) Monday to Friday whilst the Rights Issue is open.

2. HOW TO APPLY

2.1 Consider the Rights Issue in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, solicitor or other independent professional adviser if you have any queries or are uncertain about any aspects of the Rights Issue. You should also refer to the "Risks" disclosed in Section 3 of this booklet.

2.2 Acceptance of all or part of your Entitlement

If you decide to take up all or part of your Entitlement then you must complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

AtCor will treat you as applying for as many New Shares as your payment will pay for in full. Amounts received by AtCor in excess of your Entitlement may be treated as an application to apply for as many Additional New Shares as this excess amount will pay for in full.

If you decide to take up all or part of your Entitlement then you must ensure that you submit your personalised Entitlement and Acceptance Form with the requisite Application Monies before the close of the Rights Issue at **5:00 pm (Sydney time) on Thursday, 16 July 2015**. It is anticipated that

New Shares will be issued on Thursday, 23 July 2015, and normal trading of New Shares will commence on Friday, 24 July 2015.

2.3 Payment Methods

You may make payment of your Application Monies by BPAY® or by cheque, bank draft or money order.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form.

If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which that Reference Number applies.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5:00 pm on Thursday, 16 July 2015 (subject to any variation). You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as practicable. No interest will be paid to applicants on any Application Monies received or refunded.

Payment by cheque, bank draft or money order

You should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “AtCor Rights Issue” and crossed “Not Negotiable”.

Your cheque, bank draft or money order must be:

- for an amount equal to A\$0.18 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application may not be accepted. Please note that post dated cheques may not be accepted.

Any Application Monies received for more than your final allocation of New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as practicable. No interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

To participate in the Rights Issue, your payment must be received by the Registry no later than the close of the Rights Issue, at **5:00 pm (Sydney time) on Thursday, 16 July 2015** (subject to any variation). Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies to:

AtCor Medical Holdings Limited Offer
c/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

A reply paid envelope is enclosed for the convenience of Eligible Shareholders based in Australia. Eligible shareholders in New Zealand will need to affix the appropriate postage.

2.4 Representations by Acceptance

By completing and returning your personalised Entitlement and Acceptance Form with Application Monies or making a payment by BPAY®, you will be deemed to have represented that you are an Eligible Shareholder. You will also be deemed to have represented on behalf of each person on whose account you are acting that you acknowledge that the New Shares have not been, and will not be, registered in any jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, any other applicable securities laws.

3. RISKS

3.1 Overview

AtCor's business is subject to risk factors specific to the business which it conducts and also those affecting businesses in general. These may affect the future operating performance of AtCor and the value of an investment in the company. This section is intended to be a summary of certain key risks to AtCor's business, not an exhaustive list of all possible risks.

3.2 General investment risks

Investing in shares

Once the New Shares are quoted on the ASX, their price may rise or fall and they may trade at prices below or above the Offer Price. There also can be no assurance that the New Shares will be traded actively. In common with other listed entities, AtCor's share can be affected by factors that are unrelated to the operating performance or underlying value of the company, such as domestic and international economic conditions. These fluctuations may adversely affect the price of the New Shares.

General economic conditions

AtCor's operation and financial performance is affected by general economic business conditions including inflation levels, interest rates, exchange rates, government fiscal and monetary policies, and changing healthcare policy and medical reimbursement in the jurisdictions in which it and its customers operate. A sustained decline in general economic conditions, such as an increase in interest rates or decrease in customer demand, could be expected to have a material adverse affect on the company's operation and financial standing.

Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and therefore outside the directors' and the company's control. Changes to accounting standards issued by AASB could materially adversely affect the way in which the company's financial performance is perceived by the market.

Taxation risks

Changes to tax law in Australia or other jurisdictions in which the company and its shareholders operate may affect the company and its shareholders. Personal tax liabilities are the responsibility of each individual investor and the company has no responsibility for taxation or taxation penalties incurred by its shareholders.

3.3 Risks specific to AtCor

Funding

The proposed application of funds set out in this information booklet is based on estimates and assumptions about certain events and circumstances which have not yet taken place, and are therefore subject to variation and possible non fulfilment. There can be no assurances as to the accuracy of estimated expenditure or funding needs described in this booklet. If this offer is not fully subscribed, and in the absence of other

sources of funding on a timely basis, then the company may not be able to fund all activities identified to fully exploit the CPT1 opportunity, and/or may need to slow down the rate of product development.

Competition

The markets in which AtCor operates are fragmented and highly competitive. Competition from existing market players or the entry of new competitors may adversely affect AtCor's financial performance or operating margins where the company is unable to meet those competitive challenges in a timely manner.

Uncertainty of market acceptance of AtCor's products

Growth in sales of AtCor's products depends on their acceptance by an increasing number of medical practitioners and pharmaceutical companies. While the company has continued to make sales into the research market, market penetration among clinical specialists is in a much earlier phase and the company has not yet penetrated the primary care market.

Government regulation

As a provider of medical devices, AtCor is subject to laws and regulations on the approval for use of diagnostic products in the jurisdictions in which it operates. AtCor is required to comply with regulations concerning product approval and ongoing reporting on product performance. The industry in which the company operates is subject to regulatory changes and there can be no assurance that it will be able to comply with new regulations or regulations in new markets. If the Company is unable to comply with relevant regulations, it may be unable to market the SphygmoCor® device in relevant markets.

Dependence on key personnel

The operations and future success of AtCor will depend upon the efforts and abilities of its key executives. The loss of any of these people's services could adversely affect the company. Growth in the development and marketing and existing new products will require the services of additional personnel in the future. There can be no assurance that the company will be able to attract and retain such persons as the employees.

Technological Change

AtCor operates in a market in which there is rapid and significant technological change on a continuing basis. While the company is not aware of any developments in the healthcare industry which render its SphygmoCor® device less competitive or obsolete, there is no assurance that future technological changes or the development of new or competitive products or different approaches by others will not do so.

International markets

AtCor operates across a number of jurisdictions and therefore there are certain risks inherent in operating internationally such as unexpected changes and regulatory requirements, fluctuations and currency exchange rates, technology export and import restrictions or prohibitions, fees or reductions in business, political instability, war and other economic or

political risks. Such events could adversely affect the ability of the company to grow internationally.

Future capital needs

It may be necessary for the company to raise additional funds in order to fund other needs which arise. There is no assurance that such funding will be available to the company in the future or that it will be available on acceptable terms.

Healthcare funding and reimbursement

Level of market acceptance of the Company's products is dependent to some degree on levels of reimbursement from governments and private health insurers for the use of the company's products.

Sales and distribution

Due to the nature of the company's business, with the exception of some maintenance contracts for units sold in the clinical and research sectors and clinical trial services in the pharmaceutical sector, sales tend to be made on a "one off" basis. AtCor's sales revenue is dependent on clients and distributors continuing to place orders for the purchase of the SphygmoCor® device and related services, which cannot be guaranteed.

Supply and manufacturing

The company depends on supply of key components of the SphygmoCor® from third party suppliers. Most components are available quickly from a range of vendors, but the tonometer (high fidelity sensor) and the cuff pump are supplied by specialist vendors. AtCor would need to source equivalent components from new suppliers which could result in product delays if a vendor ceased to manufacture or supply the component.

4. ADDITIONAL IMPORTANT INFORMATION

4.1 Investment Decisions and Risks

You should read this Rights Issue Booklet carefully and in its entirety before deciding whether to invest in New Shares or Additional New Shares.

In particular, you should consider the risk factors outlined in the "Risks" section (section 3) of this booklet. Those risk factors could affect the operating and financial performance of AtCor or the value of an investment in AtCor.

You should consult your stockbroker, accountant, solicitor or other independent professional adviser to evaluate whether or not to participate in the Rights Issue.

4.2 ASX Quotation of New Shares

AtCor has applied for the grant by ASX of official quotation of the New Shares. It is expected that normal trading will commence in relation to the New Shares issued under the Rights Issue on Friday, 24 July 2015. AtCor disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the Official List of ASX or receiving their confirmation of issue, whether on the basis of

confirmation of the allocation provided by AtCor, the Registry or the Underwriter.

4.3 Additional New Shares and Allocation Policy

All Eligible Shareholders will be allocated New Shares applied for up to their Entitlement. Eligible Shareholders may also apply for New Shares in excess of their Entitlement. If you wish to apply for Additional New Shares, you are required to indicate your wish in the Entitlement and Acceptance Form in accordance with the instructions on the form.

AtCor reserves the right to allot any Additional New Shares if, and to the extent that AtCor so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Rights Issue. Any New Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares available due to a shortfall in valid applications for Eligible Shareholders' Entitlements.

If you apply for Additional New Shares then, subject to AtCor's absolute discretion to scale-back your application for Additional New Shares (in whole or part), it is expected that you will be issued these on Thursday, 23 July 2015. AtCor's decision on the number of New Shares to be allocated to you will be final.

No Additional New Shares will be issued to a Shareholder which will result in them increasing their voting power in AtCor above 20%.

The Underwriter will subscribe for, or procure subscriptions for, any remaining shortfall in accordance with the Underwriting Agreement.

4.4 No Cooling off Rights

Cooling off rights do not apply to an investment in New Shares or Additional New Shares. You cannot withdraw your application once it has been accepted.

4.5 Not Investment Advice

This Rights Issue Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. AtCor is not licensed to provide financial product advice in respect of the New Shares. The Rights Issue Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares or Additional New Shares.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Rights Issue Booklet, you have any questions about the Rights Issue, you should contact your stockbroker, accountant, solicitor or other independent professional adviser.

4.6 Taxation

There may be tax consequences for Shareholders who decide to participate in the Rights Issue and receive New Shares. AtCor does not consider that it is appropriate to give advice regarding the taxation

consequences of applying for New Shares under the Rights Issue or the sale of Entitlements. The taxation consequences will depend on the circumstances of each applicant. Applicants should consult their own professional adviser in connection with the taxation implications of subscribing for New Shares offered in the Rights Issue.

4.7 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

4.8 Information Availability

Eligible Shareholders in Australia and New Zealand can obtain a copy of this Rights Issue Booklet during the period of the Rights Issue on the AtCor website at www.atcormedical.com or by calling AtCor's Company Secretary on +61 (2) 9874 8761 at any time from 8:30 am to 5:30 pm (Sydney time) Monday to Friday during the Rights Issue offer period. Persons who access the electronic version of this Rights Issue Booklet should ensure that they download and read the entire Rights Issue Booklet. The electronic version of this Rights Issue Booklet on the AtCor website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the AtCor Shareholder Information Line or by visiting the Link Market Services website at <http://www.linkmarketservices.com.au/public/home.html>.

4.9 Future Performance and Forward Looking Statements

Neither AtCor nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to this Rights Issue Booklet. Forward looking statements, opinions and estimates provided in the Rights Issue Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of AtCor, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Rights Issue Booklet.

4.10 Past Performance

Investors should note that the past share price performance of AtCor's Shares provides no guidance as to future share price performance.

4.11 Governing Law

This Rights Issue Booklet, the Rights Issue and the contracts formed on acceptance of Entitlements are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

4.12 Underwriting

AtCor has entered into an underwriting agreement with Taylor Collison Limited (**Underwriter**) which has agreed to fully underwrite the Rights Issue and act as lead manager in respect of the Rights Issue. Customary with these types of arrangements:

- The obligations of the Underwriter under the Underwriting Agreement to subscribe, or procure subscription for, New Shares under the Rights Issue are subject to the satisfaction of several conditions precedent which are common for transactions of this nature. The Underwriting Agreement also contains a number of customary termination events, and an indemnity, in favour of the Underwriter.
- The Underwriter will be remunerated by AtCor for providing these services – an underwriting fee of 5% of the amount raised and a management fee of 1% of the amount raised.
- The underwriter may enter into sub-underwriting arrangements but AtCor is not obliged to pay any fees to sub-underwriters. A Director, David Brookes has entered into a sub-underwriting arrangement with Taylor Collison in which he will subscribe for up to 277,778 shares. The Company will not be seeking shareholder approval for this issue, as issues under underwriting agreements are excepted from the Listing Rule 10.11 requirement of approval for issues to directors.

4.13 Other interests

Persons holding rights or interests in relation to Shares (such as options to subscribe for Shares), will not be entitled to participate in the Rights Issue in respect of those rights or interests unless they have become entitled to exercise their right or interest under the terms of their issue and do so such that they become the holder of Shares and an Eligible Shareholder in respect of those Shares.

4.14 Privacy

As an existing Shareholder in AtCor, AtCor and the Registry have already collected personal information about you. If you apply for New Shares, AtCor and the Registry may update that personal information or collect additional personal information about you. Such information may be used to assess your acceptance of New Shares, service your needs as an AtCor shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, AtCor and the Registry may disclose your personal information for purposes related to your shareholding to their agents, contractors or third party service providers to whom they outsource services, including to the Underwriter in order to assess your acceptance of New Shares, the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of shareholder information and for handling of mail, or as otherwise authorised under the *Privacy Act 1988* (Cth).

If you do not provide AtCor or the Registry with your personal information then your application may not be able to be processed.

You can request access to your personal information by contacting AtCor or the Registry as follows:

- +61 2 9874 8761 (AtCor)
- +61 2 8280 7111 (Link Market Services)

4.15 Disclaimer of Representations

No person is authorised to give any information, or to make any representation, in connection with the Rights Issue that is not contained in this Rights Issue Booklet.

Any information or representation that is not in this Rights Issue Booklet may not be relied on as having been authorised by AtCor, or its related bodies corporate in connection with the Rights Issue. Except as required by law, and only to the extent so required:

- none of AtCor, or any other person (including the Underwriter), warrants or guarantees the future performance of AtCor or any return on any investment made pursuant to the Rights Issue Booklet; and
- AtCor, its officers, employees and advisers (including the Underwriter) disclaim all liability that may otherwise arise due to the Rights Issue Booklet being inaccurate or incomplete in any respect.

The Underwriter has not authorised, permitted or caused the issue, lodgement or submission of this Rights Issue Booklet.

Glossary

Additional New Shares mean New Shares in excess of an Entitlement.

AST means Australian Eastern Standard Time (Sydney time).

Application Monies mean the application monies payable for an Entitlement.

ASIC means the Australian Securities and Investments Commission.

AtCor means AtCor Medical Holdings Limited (ACN 113 252 234).

ASX means the Australian Securities Exchange.

Board means the board of directors of AtCor.

Corporations Act means the Corporations Act 2001 (Cth), as amended.

Eligible Shareholders mean those holders of Shares who:

- are registered as a holder of Shares at the Record Date; and
- have a registered address in either Australia or New Zealand.

Entitlement or **Right** means the opportunity to participate in the Rights Issue on the basis of 1 New Share for every 10 Shares held.

Ineligible Shareholders mean shareholders with registered addresses outside of Australia and New Zealand.

Institutional Placement means the placement of shares to institutional investors, as announced by AtCor on 23 June 2015.

Issue Price means the issue price of A\$0.18 per New Share.

Listing Rules mean the Listing Rules of the ASX.

New Share means 1 new AtCor ordinary share.

Record Date means 7:00 pm on Tuesday, 30 June 2015.

Registry means Link Market Services Limited of Level 12, 680 George Street, Sydney, NSW 2000.

Rights Issue means the non-renounceable pro-rata rights issue conducted by AtCor to subscribe for the Entitlement at the Issue Price per New Share.

Rights Issue Booklet means this rights issue booklet.

Shares mean existing AtCor ordinary shares held.

Underwriter means Taylor Collison Limited.

Corporate Directory

Registered Office

Suite 11
1059-1063 Victoria Road
West Ryde NSW 2114
Australia

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

<http://www.linkmarketservices.com.au/public/home.html>

Lead Manager and Underwriter

Taylor Collison Limited
Level 16
211 Victoria Square
Adelaide SA 5000

Legal Adviser

DibbsBarker
Level 8, Angel Place
123 Pitt Street
Sydney NSW 2000

www.dibbsbarker.com

Offer Information Line

+61 2 9874 8761
