



AtCor Medical – Annual General Meeting 2015

Chairman's address to shareholders

13 November 2015

The year ended June 30 2015 was very important in the evolution of AtCor.

From a financial performance perspective I would characterise the past year as one of steady progress. We demonstrated modest growth coupled with a significant drop in after tax losses. Our financial position was bolstered by a \$5 million share placement to sophisticated investors and a fully underwritten rights issue. These funds allow us to increase spending as we exploit the opening opportunity in the US market, and we have a healthy cash position.

Although we achieved modest revenue growth compared to the prior year there was a significant shortfall in revenue generated from the pharmaceuticals sector. While this was disappointing, the shortfall was due to delays in the commencement of clinical trials and in one case a trial in which our technology was to be used not proceeding as the compound being studied missed its primary endpoint. This softness in the pharmaceutical sector has continued into the current half. We do not believe we have lost any market share in this sector.

We demonstrated robust revenue expansion in other areas though– in particular, sales from both the US clinical and research sectors grew in excess of 50%.

A great deal of progress was made in activities designed to set us up for longer-term success. The most significant of these activities involved the area of reimbursement in the US for the central blood pressure test that doctors carry out using the SphygmoCor technology. The US Renal Physicians Association applied for, and was granted, a CPT1 code that will allow doctors to be reimbursed. Last week the level of reimbursement was communicated by the US Centers for Medicare and Medicaid Services. We at AtCor are very pleased with this outcome, and believe it to be at a fair and reasonable level. Actual reimbursement becomes effective from January, 1, 2016.

Further to this major milestone, both the influential American Heart Association and the North American Artery Society outlined their positions on the importance in clinical practice of the information provided through the SphygmoCor technology.

It has now been 10 years almost to the day since AtCor listed on the ASX. Throughout this period the company and I have been very fortunate to have had the wisdom and support of a very able, committed and stable board. Today Peter Jenkins is resigning from the board, having informed us earlier that he did not intend to seek re-election at today's AGM. Peter has been a cornerstone of the board. He worked with Colonial First State as one of the original investors into AtCor. He was then, and continues to be now, a staunch supporter and believer in AtCor and our technology. He has been a board member for 16 years – initially when we were a private company and then since we went public. I want to thank Peter for his enormous contribution over the years and wish him the very best for the future.

Mr King Nelson is seeking election onto the board today as a replacement for Peter.

I have had the pleasure of being a colleague of King's at Baxter more years ago than I care to remember. King brings with him experience in the medical device sector that is ideal for AtCor at this stage in our development. Additionally he has served on several boards in the USA, including as Chairman of a listed company, and I believe this experience and King's managerial strengths and style will make him a significant addition to your board. King is unable to be here in person today (we do have a short video) but I know he is looking forward to meeting all of you in the future.

As I have said before, developing and bringing into clinical practice technologies like SphygmoCor take an enormous amount of hard work, determination and resources. I am very proud of the entire team at AtCor for what they have achieved to date. Under Duncan's leadership they have persevered in the long road to reimbursement and clinical adoption.

Additionally we are fortunate to have leading doctors and researchers around the world who are working to establish the importance of the information provided by SphygmoCor in optimising patient treatment. We thank them for their support.

And finally I want to thank you, our shareholders. Without your support over the years we could not have arrived at where we are at today.

As we look to the future, we are in the best position we have ever been as a company. We have a modern and robust suite of products, we have ever-increasing levels of endorsement from reputable medical societies, and we will soon have reimbursement for the doctors in the US who perform the SphygmoCor test. The coming 12 months is crucial in our development. Our growth as a company is going to take continued focus, hard work and perseverance – and I have the confidence that our people are up to the challenge.

Thank you.