



ASX release

8 January 2016

Market update

AtCor Medical Holdings Limited (ASX:ACG), the developer and marketer of the SphygmoCor® system which noninvasively measures central aortic blood pressures and arterial stiffness, announced today that the company will report 1H FY2016 revenue below company expectations. This follows delays in finalising a pharmaceutical sector contract that was expected to be completed during the second quarter. The contract is anticipated to close within 30 days.

As a result, the company will report first half sales in the range of \$1.6 million to \$1.7 million. This compares with sales of \$2.9 million in 1H FY2015 which also included a one-off US government research order. Cash at 31 December 2015 was approximately \$3.8 million, and a refund from the Australian Taxation Office under the R&D incentive program of approximately \$0.5 million is expected within the next 30 days. This guidance is subject to finalisation by the company's auditors.

Following the American Medical Association's approval of a CPT-1 procedural code which covers the SphygmoCor test, equitable reimbursement for physicians using the test for Medicare patients became effective on 1 January 2016. This opens the US\$800 million clinical practice market for AtCor Medical, and developing this market is the company's primary focus. As clinical market sales increase AtCor's income will become more predictable, with diversification from difficult to predict pharmaceutical sector sales.

AtCor Medical has an established US customer base of more than 700 clients, including over 200 clinical practices. Over the past few years, AtCor has built relationships with approximately 400 reimbursement sensitive medical practices. After the Centres for Medicare and Medicaid Services announced the CPT1 code description and valuation in November 2015, AtCor contacted these and other practices, and has a promising number of near term prospects. From 1 January AtCor will expand its focus, targeting 250 specialist practices with 5 or more doctors that have a high percentage of Medicare patients.

While H1 FY2016 sales were lower in AtCor Medical's main markets, the company experienced strong sales growth in the Asia-Pacific region where it has recently signed new distribution agreements. US clinical sales were slightly lower than the previous corresponding period, as doctors await final confirmation of payment of reimbursement claims.

AtCor Medical chief executive officer, Duncan Ross, said: "While we are disappointed that a pharmaceutical sector contract has taken longer to complete than expected, we are confident of a stronger second half. Our commitment to the long term prospects for the business remains unchanged. AtCor's launch into the US clinical practice market is on track, and meetings with private health insurers are progressing well."

The company's results for the first half of FY2016 will be released to the Australian Securities Exchange in mid-February 2016.

About AtCor Medical

AtCor Medical develops and markets products for the early detection of cardiovascular risk and management of cardiovascular disease. Its technology allows researchers and clinicians to measure central aortic blood pressure non-invasively. The company's SphygmoCor[®] system visibly identifies the effects of reflected blood pressure in the central aortic pressure wave, effects which cannot be detected with standard blood pressure monitoring. More than 3,800 SphygmoCor[®] systems are currently in use worldwide at major medical institutions, research institutions and in various clinical trials with leading pharmaceutical companies. The company's technology has been featured in over 900 peer-reviewed studies published in leading medical journals. AtCor has operations in Australia, the United States, and Europe. For further information, please visit our web site at www.atcormedical.com.

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