

Rights Issue Booklet

AtCor Medical Holdings Limited

ACN 113 252 234

Details of a 1 for 6 Non-Renounceable Rights Issue
of AtCor Medical Holdings Limited Ordinary Shares
at an Issue Price of A\$0.07 per New Share

The Rights Issue Closes at
5.00 pm (Sydney Time) on **Friday, 26 November 2010**

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, New Zealand and the US 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 21 October 2010.

Responsibility

This Rights Issue Booklet (including the Investor Presentation) 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 Additional 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, New Zealand and the US.

The distribution of this Rights Issue Booklet (including an electronic copy) outside Australia, New Zealand and the US 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 - United States

Neither the U.S. Securities and Exchange Commission (**SEC**) nor any U.S. state securities commission has approved or disapproved of the Rights Issue and the New Shares offered under the Rights Issue or passed upon the adequacy or accuracy of this Rights Issue Booklet. Any representation to the contrary is a criminal offence. The Rights Issue and the New Shares offered under the Rights Issue will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

The Rights Issue and the New Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any "U.S. Person" (as defined in Regulation S under the Securities Act (**U.S. Person**)) except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act and state or other securities laws.

Depending on the relative costs of complying with individual States' security laws in the US, AtCor may offer the Rights Issue and the New Shares offered under the Rights Issue to a limited number of US investors that are:

- (a) Eligible Shareholders; and
- (b) "Accredited Investors" within the meaning of Rule 501(a) of Regulation D of the Securities Act (**Accredited Investors**) (**US Eligible Shareholders**).

IF ATCOR EXTENDS THE OFFER IN THIS WAY, NO SALE OF THE NEW SHARES WILL BE MADE IN THE US OR TO ANY US PERSON WHO DOES NOT EXECUTE AND DELIVER, FOR THE BENEFIT OF ATCOR, A DECLARATION IN THE FORM ACCOMPANYING THIS RIGHTS ISSUE BOOKLET SENT TO US ELIGIBLE SHAREHOLDERS ONLY (**Investment Declaration**).

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 2002* (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.

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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

22 October 2010

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 6 existing AtCor ordinary shares (**Shares**) you held, at an issue price of A\$0.07 per New Share (the **Rights Issue**).

On 20 October 2010, AtCor announced it had completed a placement of shares to sophisticated investors introduced by Taylor Collison raising A\$1,018,500. In addition to this AtCor has announced this Rights Issue to raise A\$1,340,986.

The Rights Issue has been fully underwritten by Taylor Collison Limited and all directors intend to participate in the issue.

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

- Working capital as a result of the pharmaceutical trials business moving from an up-front payment (capital) model to a “pay as you go” lease model;
- Acceleration of the company's product development program;
- Costs associated with pursuing reimbursement in USA; and
- Additional working capital.

AtCor has made significant progress in recent months including:

- Gaining two positive US Medicare coverage decisions in the Michigan region, covering 5 million lives, following appeal;
- Finalising four new pharmaceutical contracts with a total value of US\$3.7 mill, including the company's largest ever contract;
- Launching new clinical software; and
- Publication of studies for different disease states and population groups.

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

- key dates for the Rights Issue;
- the Investor Presentation materials released to the ASX with the announcement of 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 Friday, 26 November 2010. 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 since its listing in November 2005 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 faithfully

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)	Thursday, 28 October 2010
Record Date for the Rights Issue	7:00 pm on Thursday, 4 November 2010
Mailing of Rights Issue Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Friday, 5 November 2010
Rights Issue opening date	Wednesday, 10 November 2010
Rights Issue closing date – last date for receipt of acceptances and payment of application money in full	5.00 pm on Friday, 26 November 2010
Completion of issue of New Shares under the Rights Issue and despatch of holding statements and CHESS notices	Thursday, 2 December 2010
Normal trading of New Shares issued under the Rights Issue expected to commence on ASX	Friday, 3 December 2010

Note: Dates and times are indicative only and subject to change. All times and dates refer to Australian Eastern Daylight Savings Time (AEST) (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 6 AtCor ordinary shares (**Shares**) held at 6.00 pm (Sydney time) on Thursday, 4 November 2010, at the issue price of A\$0.07 per New Share (**Issue Price**). The Rights Issue is underwritten by the Underwriter and will raise approximately A\$1,340,986 (before the deduction of related expenses) and result in the issue of approximately 19,156,944 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 asx.com.au (including AtCor's Financial Report for the financial year ended 30 June 2010 that was released to ASX on 30 September 2010).

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 6 Shares you held as at the record date of 7:00 pm (Sydney time) on Thursday, 4 November 2010, 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 Thursday, 4 November 2010 (the **Record Date**);

- have a registered address in either Australia or New Zealand or have a registered address in the US and are US Eligible Shareholders; 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 Wednesday, 10 November 2010 and is expected to close at 5.00 pm (Sydney time) on Friday, 26 November 2010. 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, New Zealand and the US 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, New Zealand and the US, 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.

In addition to these requirements, US Eligible Shareholders must return a signed Investor Declaration to AtCor (in the form accompanying this Rights Issue Booklet and as sent to US Eligible Shareholders) before 5.00 pm on Friday, 26 November 2010.

Signed Investor Declarations must be emailed or faxed to the company secretary as follows:

- to p.manley@atcormedical.com; or
- to +61 2 9874 9022

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 (and your signed Investor Declaration for US Eligible Shareholders only) before the close of the Rights Issue at **5.00 pm on Friday, 26 November 2010**. It is anticipated that New Shares will be issued on Thursday, 2 December 2010, and normal trading of New Shares will commence on Friday, 3 December 2010.

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 Friday, 26 November 2010 (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 and Additional 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\$0.07 multiplied by the number of New Shares and Additional 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 and Additional 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 on Friday, 26 November 2010** (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 and the US 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 under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares (and the New Additional Shares) may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and 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 and government fiscal and monetary policies 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 pharmaceutical receivables which have changed from equipment purchase to leasing, and/or may need to slow down the rate of product development and the pursuit of reimbursement and coding approvals.

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, along with favourable outcomes in seeking reimbursement approvals. 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.

Dependents 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 undertake further product development or 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 a large 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 pharma sector, sales tend to be made on a "one off". 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) is supplied by a single specialist vendor. AtCor would need to source an equivalent sensor from a new supplier which could result in product delays if the 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, 3 December 2010. 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 complete 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.

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, 2 December 2010. 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 or Additional 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 or Additional 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, New Zealand and the US 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 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, Additional 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 a management fee of 1% of the amount raised, and an issue of 981,500 options. The options are to be issued at a 30% premium to the issue price, being \$0.091. They have a 3 year expiry and vest after 12 months. The issue of options will be subject to shareholder approval. Full terms may be viewed on the AtCor Notice of Annual General Meeting, announced to the ASX on 21 October 2010.
- The underwriter may enter into sub-underwriting arrangements but AtCor is not obliged to pay any fees to sub-underwriters. Two Directors, Donal O'Dwyer and David Brookes have entered into a sub-underwriting arrangement with Taylor Collison in which they will subscribe for up to 500,000 shares and 200,000 shares respectively. The Company will not be

seeking shareholder approval for these issues, 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, other than 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 a 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

Accredited Investors mean Accredited Investors as defined in Rule 501(a) of Regulation D of the Securities Act (USA).

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

AEST means Australian Eastern Daylight Savings 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 or have a registered address in the US and are US Eligible Shareholders; and
- are otherwise eligible under all applicable securities laws to receive an offer under the Rights Issue.

Entitlement or **Right** means the opportunity to participate in the Rights Issue.

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

Institutional Placement means the placement of shares to institutional investors, as announced by AtCor on 20 October 2010.

Investment Declaration means the investment declaration accompanying this Rights Issue Booklet sent to US Eligible Shareholders only.

Investor Presentation means the investor presentation annexed to this Rights Issue Booklet.

Issue Price means the issue price of A\$0.07 per New Share.

Listing Rules mean the Listing Rules of the ASX.

New Share means 1 new AtCor ordinary share for every 6 existing AtCor ordinary shares held.

Record Date means 6.00 pm on Thursday, 4 November 2010.

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 1 new AtCor ordinary share for every 6 existing AtCor ordinary shares held at the Issue Price per New Share.

Rights Issue Booklet means this rights issue booklet.

SEC means the U.S. Securities and Exchange Commission.

Securities Act means the U.S. Securities Act of 1933, as amended.

Shares mean existing AtCor ordinary shares held.

Sophisticated Investors means investors who fall within S708(8) of the Corporations Act.

US Eligible Shareholders mean shareholders of AtCor who have a registered address in the US in States in which AtCor has decided to make offers and are Accredited Investors.

U.S. Person means U.S. Person as defined in Regulation S under the Securities Act (U.S.A.).

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

SRN/HIN:

Entitlement Number:

**Number of Eligible Shares held as
at the Record Date, 7:00pm (Sydney time)
on 4 November 2010:**

**Entitlement to New Shares
(on a 1 New Share for 6 basis):**

**Amount payable on full acceptance
at A\$0.07 per Shares:**

Offer Closes 5:00pm (Sydney time):	26 November 2010
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Share holder you are entitled to acquire 1 New Share for every 6 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.07 per New Shares. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. Details on how to complete this Entitlement and Acceptance Form are set out overleaf.

IMPORTANT: This is an important document which requires your immediate attention. This Entitlement and Acceptance Form is for an application for New Shares in Atcor Medical Holdings Limited. Further details about the Retail Entitlement Offer are contained in the Offer Booklet. You should read the Offer Booklet carefully before completing this Entitlement and Acceptance Form. If you are in any doubt as to how to deal with this Entitlement and Acceptance Form, please consult your professional financial adviser immediately. This is a personalised Entitlement and Acceptance Form and will not be valid if another name is substituted for the name printed in this Entitlement and Acceptance Form.

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (Sydney time) on 26 November 2010. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will have deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (Sydney time) on 26 November 2010.



Billers Code:
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHARE HOLDER AND HOLDING RECORDED ABOVE.



ATCOR MEDICAL HOLDINGS LIMITED
ACN 113 252 234

Please detach and enclose with payment

SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)	B Number of additional New Shares	C Total number of New Shares accepted (add Boxes A and B)
<input type="text"/>	+ <input type="text"/>	= <input type="text"/>

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Atcor Medical Offer Account” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

E CONTACT DETAILS – Telephone Number Telephone Number – After Hours Contact Name

<input type="text"/>	<input type="text"/>	<input type="text"/>
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ATCOR MEDICAL HOLDINGS LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®.

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of ATCOR MEDICAL HOLDINGS LIMITED.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHARE HOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount payable, multiply the number of New Shares you wish to apply for by A\$0.07.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of ATCOR MEDICAL HOLDINGS LIMITED on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Atcor Medical Offer Account" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, ATCOR MEDICAL HOLDINGS LIMITED may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

ATCOR MEDICAL HOLDINGS LIMITED
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

ATCOR MEDICAL HOLDINGS LIMITED
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (Sydney time) on 26 November 2010. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. ATCOR MEDICAL HOLDINGS LIMITED reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the ATCOR MEDICAL HOLDINGS LIMITED Offer Information Line on + 61 2 9874 8761 between 8:30am and 5:30pm (Sydney time) Monday to Friday.