



ASX release

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Market update Sales growth returns in H2

AtCor Medical (ASX:ACG), the developer and marketer of the SphygmoCor[®] system which measures central blood pressures and arterial stiffness non-invasively, today announced unaudited preliminary results for FY2010.

FY2010 sales were \$9.2 million, representing a decline of 18%, and 4% on a constant currency basis. The first half of FY2010 was characterised by constrained research and healthcare spending and weak pharmaceutical contracting which affected the company's sales. Some orders were deferred, with sales expected in FY2010 now anticipated in FY2011. However, sales in H2 grew 4% on a constant currency basis and progress continued to be made throughout the year on a number of initiatives to position AtCor for the future.

Sales in the US increased by 5% assisted by the return of pharmaceutical sector contracting activity in the second half. Clinical sales to medical specialists such as cardiologists, hypertension specialists and nephrologists continued to grow, rising 43%. Sales in Europe declined 29%, reflecting the impact of reduced funding for the largely government-supported research and clinical sectors. Sales in Asia Pacific declined 8%.

Gross margin improved by over 500 basis points from 84.5% in 2009 to 90.1%, reflecting the lower production costs from a full year of the SphygmoCor EM3 system released in November, 2008 and sales of previously leased pharmaceutical systems. Preliminary FY2010 net loss is expected to be between \$1.1 million and \$1.3 million, compared to (\$1.7 million) in FY2009.

Cash at 30 June 2010 was \$1.6 million, down \$1.8 million compared to 30 June 2009. Net operating outflows for the year were (\$2.6 million), though net outflows were less than \$0.4 million in H2, reflecting improved collections and tight expense management.

Duncan Ross, CEO of AtCor Medical said "This was a year in which the global financial crisis impacted our markets, and uncertainty about US Healthcare reform effectively shut down new pharmaceutical contracts until legislation was signed in March. Despite this, growth returned in the second half and important milestones were achieved, including the two positive Medicare reimbursement decisions in Michigan. While healthcare and research budgets remain tight and economic recovery has been slow, we expect sales to return to double digit levels on a constant currency basis in FY2011. We continue to invest in new product development to support our market leadership and future, and have a solid pipeline of sales opportunities to build from."

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 blood pressure non-invasively. The company's SphygmoCor system visibly identifies the effects of reflected blood pressure in the central aortic pressure wave, effects that cannot be detected with standard blood pressure monitoring. Central blood pressure has been found to be a superior predictor of cardiovascular events such as stroke, heart attack and kidney disease.

More than 2,100 SphygmoCor systems are currently in use worldwide at major medical and research institutions and in clinical trials with leading pharmaceutical companies. The company's technology has been featured in over 400 peer-reviewed studies published in leading medical journals. AtCor has operations in the United States, Australia, and Europe. For further information, please visit our web site at www.atcormedical.com.

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