

AtCor Medical



SphygmoCor 
AT THE HEART OF
CARDIOVASCULAR MANAGEMENT



Investor Presentation

September 2006

Company Highlights

- AtCor's *SphygmoCor* technology has the ability to transform the assessment and management of cardiovascular (CV) disease, which causes strokes, heart attacks, and heart failure
- US\$2bn potential global market (US\$1bn in US)
- Globally experienced Board and Management team
- IPO in November raised \$15m to implement business plans through to cash flow breakeven
- Current capitalisation: \$18 million.

The SphygmoCor[®] Product



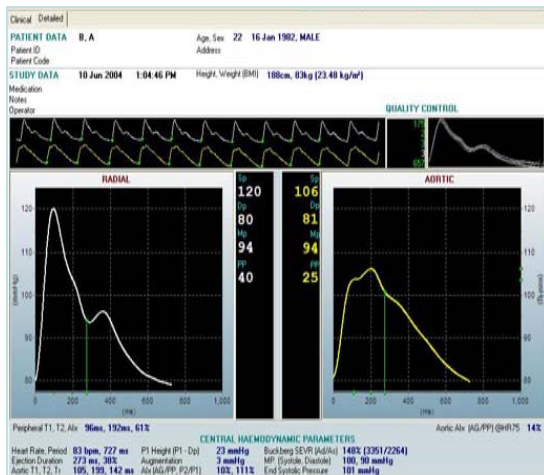
What Does SphygmoCor[®] Do?

- **Addresses the key cardiovascular risks:**
 - *Heart failure, Heart attack, Stroke*

- **Provides key heart function parameters of cardiovascular function and risk :**
 - *Blood pressure at the heart*
 - *Load on the heart*
 - *Coronary artery pressure*
 - *Timing of the heart pumping cycle, and*
 - *Measures of arterial stiffening*

This central data is only otherwise available via an invasive catheter.

The SphygmoCor[®] Product



How Does It Work?

SphygmoCor[®] :

- Records the **blood pressure pulse waveform at the wrist**, non-invasively
- Using this recording, it **derives the blood pressure pulse waveform at the heart**
- From this pressure pulse waveform at the heart, **SphygmoCor[®] then calculates:**
 - *central aortic blood pressures*
 - *certain key heart function parameters*
- Compares these new patient parameters against population “normals” to **assess CV status**

The SphygmoCor[®] Product

Why is SphygmoCor Important?

- For >100 years, doctors have been guessing the blood pressure (BP) at the heart from the cuff measurement in the arm
 - now SphygmoCor gives them the heart BP non-invasively.
- People with the same cuff BPs can have very different BP at the heart
- Cardiovascular drugs can change BP at the heart differently from BP at the cuff
- BP at the heart is a major driver of heart failure & stroke risk

The SphygmoCor[®] Product

What Clinical Evidence Supports the Importance of SphygmoCor ?

Major Clinical Study

- CAFE (ASCOT) – Q: Do drug regimens have differing effects on central versus brachial pressures?
- STRONG – Q: Are central pressures more predictive of CV risk than brachial pressures?
- REASON – Q: Does central pressure augmentation predict CV outcomes in renal failure patients?
- ROTTERDAM – Q: Is arterial stiffness associated with risk of coronary heart disease and stroke?

Outcome Validation

- A: Differences in central pressure explained the different outcomes in a study where brachial pressures were equivalent
- A: In this major NIH-funded study, central pressures were strong predictors of CV outcomes, while cuff pressures were not
- A: Pressure augmentation was independently predictive of outcomes
- A: Arterial stiffness is an independent predictor of coronary heart disease and stroke in asymptomatic individuals

AtCor Medical Today

Now a worldwide selling organisation for a worldwide opportunity

- **AtCor has shipped ~1,000 SphygmoCor systems (A\$17m)**
 - to >40 countries; with ~50% in Europe and ~25% in USA.
 - Adopted by leading medical institutions and pharma companies worldwide

- **AtCor now has 28 employees; 50% offshore**
 - 13 in Australia (R&D, Mfg, Corporate); 12 in the USA (Sales), and 3 in Europe (Sales)

- **AtCor sells directly in USA, Germany, France and Australia**
 - plus, now has distributors in 9 European and 6 Asian countries

- **Since the IPO our international sales organisation has been recruited, trained and is now building revenue**
 - 8 key USA/Europe sales team members added in 2006 since IPO

US Update

Delivering Today & Building the Future

- Environment
- Market Size and Focus
- Recent Accomplishments
- Moving Forward

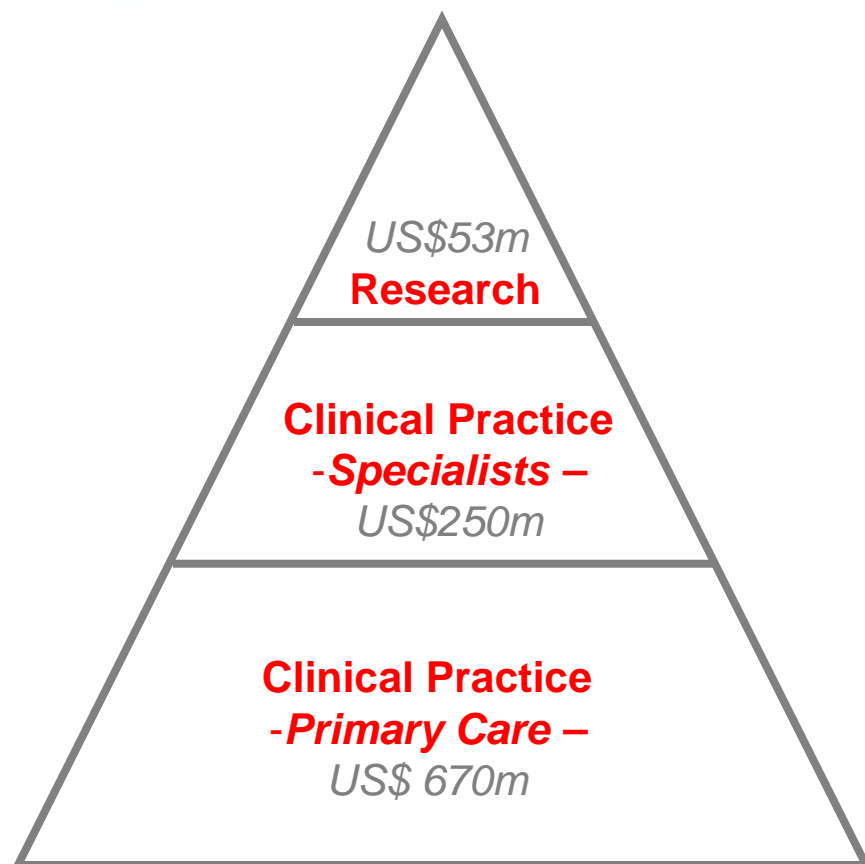
US Update Environment

US Cardiovascular Market Characteristics

- **Over 71 million in USA with cardiovascular disease**
 - 65 million plus in USA with high blood pressure
 - Single largest contributor to rising healthcare costs
- **Private & public payers limiting access to expensive imaging technologies**
 - Physicians assessed on cost control
 - Opportunity for AtCor
- **Undetected cardiovascular side-effects lead to drug recalls**
 - Litigation and catastrophic costs for pharmas
 - Physicians, government, FDA, insurers looking for cost-effective solutions

US Update

Total Available Market



Research Market

- Universities, hospitals, pharma companies
- AtCor entered market 2001
- Sales to date total US\$5m; US\$53m potential

Clinical Market - *Specialists*

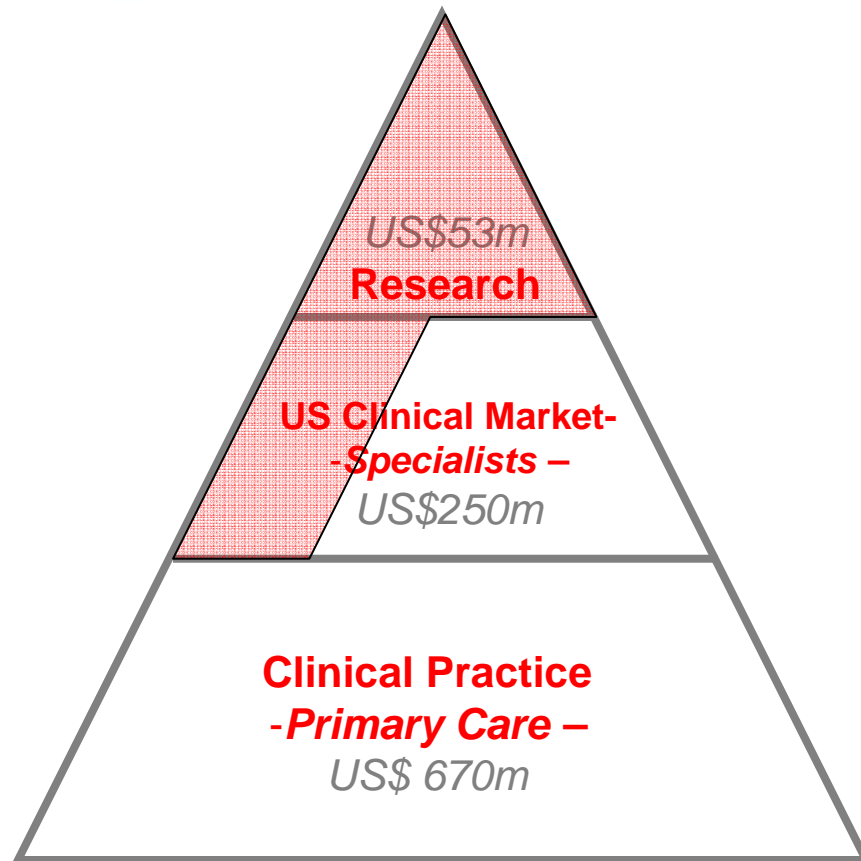
- Cardiologists, Hypertension, Nephrologists (kidneys), Endocrinologists (diabetes)
- AtCor entered market in late 2005
- Sales to date total US\$0.4m; US\$250m pot'l

Clinical Market - *Primary Care*

- Internal Medicine, preventive medicine
- AtCor will enter market once adoption by specialists is sufficiently established
- US\$670m potential

Estimated US SphygmoCor market size: 54,000 units @ US\$17,000 price = US\$920m clinical market.

US Update 2006 Served Market



Research Market

- Pharma
- Academic Research, Hospital Affiliated
- Sales to date total US\$5m; US\$53m potential

Specialist Clinical – Early adopters

- Cardiologists, Hypertension, Nephrologists (kidneys), Endocrinologists (diabetes)
- Academic-based specialists
- US \$50m potential

Specialist Clinical – Government

- All Cardiologists, Hypertension, Nephrologists
- Veterans hospitals and Dept of Defense
- US \$40m potential

Market currently addressed - US\$ 143m or 16% of total available market

US Update

Research Market: Pharma Sector

Characteristics

- **Large market opportunity; transactions from \$100k to \$1.5m**
 - Relatively price insensitive
 - More predictable revenue stream
 - Opportunities for expanded services & increased revenues
- **SphygmoCor is the only system to measure central BPs non-invasively**
 - Competitive advantage to AtCor & Pharma
 - CAFÉ helping drive demand
- **Cardiovascular risk is an issue for Pharma**
 - ALL drug categories (e.g.; Vioxx),
 - ALL stages of drug development

US Update

Research Market: Academic Institutions

Characteristics

- **Leaders in complex patient care, clinical research & physician education**
 - Tapping into NIH funded studies
 - Early technology adopters
- **Provides focus for AtCor's resources**
 - 10% of US clinical market in academic medical centres
 - Establishes base for expanded account penetration
- **Enhances clinical reference base**
 - They are the key opinion leaders
 - Continues flow of published studies using SphygmoCor

US Update

Clinical Market: Specialist Early Adopters

Characteristics

- **University specialists**
 - Often transitioning from research use
 - Expected to resolve most challenging cases
- **Key opinion leaders**
 - Reference centres
 - Establish the benchmarks for clinical practice
- **High-end private practice**
 - Demanding clientele
 - SphygmoCor provides competitive advantage
 - Less cost sensitive

US Update

Clinical Market: Government

Characteristics

- **National government-funded single-payer care delivery systems for veterans (VA) and active military**
 - 1,400 hospitals, clinics and nursing homes
 - Reimbursement not an issue
- **They have long term focus on clinical and cost outcomes**
 - Follow patients for many years
 - Cardiovascular disease is their major challenge
- **Current focus for AtCor's clinical resources**
 - 15% of US clinical market
 - Establishes clinical reference base.
- **Exposure beyond veterans segment**
 - Staff movement, university affiliations

US Update Reimbursement

Coding, Coverage & Payment

- **Continued focus on local utilisation of most appropriate billing code (93922)**
 - AtCor's VP-Reimbursement working with local customers & payers

- **Initiatives to support national code endorsement**
 - Meetings with all relevant societies (AMA, ACC, SVS, ASH at national level)
 - Written support from users at local level
 - Experienced Washington healthcare lobbyist engaged

US Update

Recent Accomplishments

“Approach + Deployment = Results”

■ Approach

- Strategic selling and account selection process
- Formal pharmaceutical business plan

■ Deployment

- Segmentation - “Ideal” customer profile
- 12 strong sales & marketing team in place

■ Results

- On track to more than double US revenue in fiscal 2007
- Largest order in company history – US\$1.5m
- Doubled “opportunities under management”

US Update

Building the Future

- **Build, refine and exploit PHARMA business opportunity**
 - Lobbying, legislative support as needed

- **Drive adoption in clinical practice**
 - Leverage CAFÉ and Strong; most efficient ROI to build clinical market
 - Focus Clinical Study investment
 - Secure national medical society endorsement for reimbursement code

- **Alliances to fully exploit clinical market**

- **Business development**
 - OEM and licensing
 - Technology partnership

Financial Performance

Profit & Loss Statement (A\$'000)

| | FY06 | FY05 |
|----------------------------|---------|---------|
| Revenue from sale of goods | 3,334 | 3,106 |
| Gross margin percentage | 71% | 72% |
| Other revenue | 389 | 340 |
| Sales & marketing expenses | (4,801) | (3,248) |
| Other expenses | (2,758) | (2,630) |
| EBIT | (4,801) | (3,304) |
| Interest income | 562 | 42 |
| Income tax benefit | 234 | 302 |
| Net (loss) | (4,005) | (2,960) |

Financial Performance

Cash Flow Statement (A\$'000)

| | <u>FY06</u> |
|--|----------------|
| Cash flows from operating activities | |
| Receipts from customers | 3,215 |
| Payment to suppliers and employees | (8,361) |
| Other revenue (interest and govt grants) | 879 |
| | (4,267) |
| Cash flows from investing activities | |
| Payments for P,P&E | (97) |
| Payments for intangibles | (227) |
| | (324) |
| Cash flows from financing activities | |
| Net proceeds from issues of shares | 15,679 |
| Net increase (decrease) in cash and equivalents | 11,088 |
| Cash and equivalents at beginning of year | 723 |
| Cash and equivalents at end of year | 11,811 |

Summary

- Proven technology to transform diagnosis and management of today's No. 1 killer
- Worldwide installed base of ~1,000 systems
- Adopted by world leading medical institutions
- Established team in the world's largest market (USA) and a strong presence in Europe
- Board and management with extensive international medical device industry experience





SphygmoCor[®] 
AT THE HEART OF
CARDIOVASCULAR MANAGEMENT

Appendix 1

- Demonstration of SphygmoCor[®] device



System components

The components of the SphygmoCor[®] Px Aortic Blood Pressure Waveform Analysis system are:

- the SphygmoCor[®] software, loaded onto the computer
- the SphygmoCor[®] electronics console
- the pressure tonometer

Appendix 1

- Demonstration of SphygmoCor[®] device



The blood pressure is measured

The brachial blood pressure should be taken just prior to performing the SphygmoCor[®] measurement, to allow for calibration of the radial pressure waveform.

Appendix 1

- Demonstration of SphygmoCor[®] device

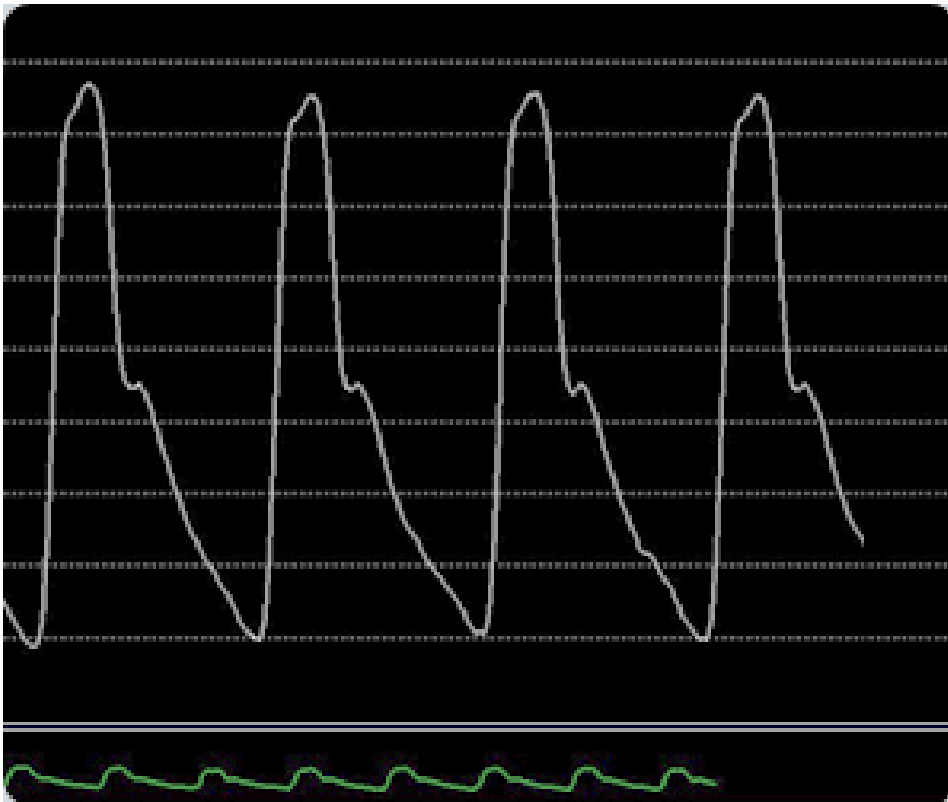


The sensor is placed on the artery

The tonometer (pressure sensor) is placed on the wrist directly above the radial artery, at the location where the operator feels the strongest signal from the pulse. It is important the tonometer is placed correctly to ensure a strong, steady and reproducible pressure signal.

Appendix 1

- Demonstration of SphygmoCor[®] device

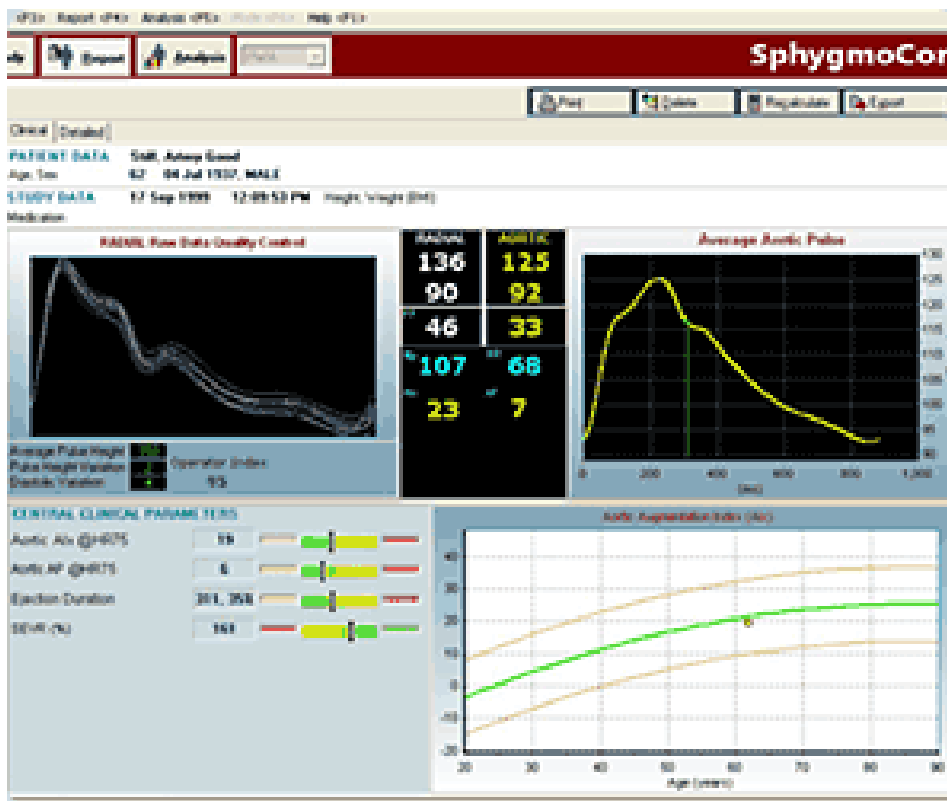


The waveform is recorded on the computer

The data collection screen allows the operator to see the peripheral signal and display of the last 10 seconds of data. Once the operator can see that they have at least 10 seconds of clear and reproducible pressure waveforms displayed on the computer screen the operator captures the data for reports to be automatically generated.

Appendix 1

- Demonstration of SphygmoCor® device

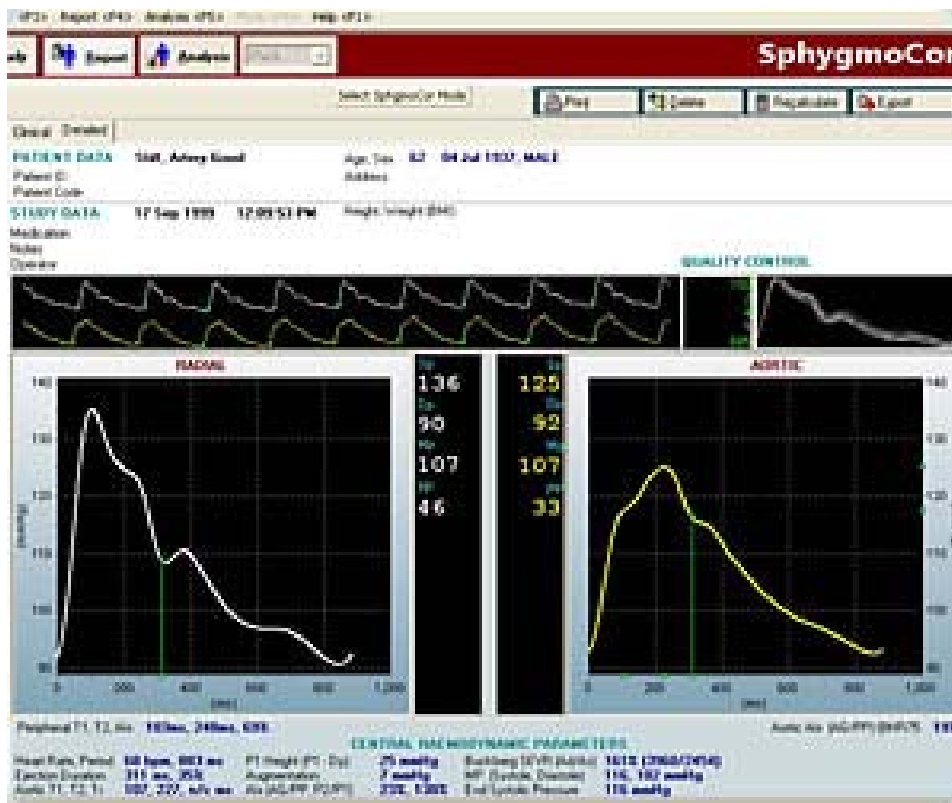


A clinical report is created

The clinical patient report includes the average central aortic waveform, important pressure measurements, and three key central parameters, with graphs representing normal ranges. Quality Control information is clearly displayed.

Appendix 1

- Demonstration of SphygmoCor® device



A detailed report provides more in depth information

The detailed patient report provides additional detailed measurements from the derived aortic waveform as well as at the peripheral artery.

Appendix 1

- Demonstration of SphygmoCor[®] device



The results are discussed

The SphygmoCor[®] system provides practitioners with the ability to compare waveforms and assess parameter trend analysis on a patient's set of measurements to assess the adopted treatment for efficacy. The practitioners can illustrate to their patients the true effects of their treatment, thereby enhancing compliance.