



**Alcidion Group Limited (ASX: ALC)
Preliminary Final Report (Appendix 4E)
for Financial Year ended 30 June 2016**

Contents

Chairman's Letter	3
Business Strategy	5
Alcidion Solutions	7
What do we mean by intelligent software?	7
How does Alcidion software transform patient care?	8
How does Alcidion software transform staff productivity?	8
How does Alcidion software transform service performance?	9
Miya Platform	9
Clinical Decision Support	10
Alcidion Product Portfolio	11
Computerized Physician Order Entry	11
Patient Flow and Access Management	13
Miya Clinic	13
Miya Referrals	13
Turbocharging other Vendor's Software	14
Commercialising the Platform	15
Product Opportunity Leveraging the Cloud & Deep Learning	15
North American Expansion	16
Preliminary Final Report for the year ended 30 June 2016	20
Overview	20
Unaudited Preliminary Final Report	20
Parent Entity	20
Details of the reporting period	21
Reverse Merger of Naracoota Resources	21
Non-Cash Expense	21
Direct Costs associated with the transaction	21
Results for announcement to the market	21
Dividends per security	22
Net tangible assets per security	22
Entities over which control has been gained or lost	22
Details of associates and joint ventures	22
Commentary on the results for the period	22
Audit	22
Notes to The Preliminary Final Report	27
General information	27
Statement of significant accounting policies	27
Basis of preparation	27
Use of Estimates and Judgements	28
Statement of compliance	28
Financial position	28
Reverse acquisition	29
Use of estimates and judgments	29
Comparative figures	30
Principles of consolidation	30
Business combinations	30
Subsidiaries	31
Subsequent Events	31
Share Capital	31
Twenty largest registered holders – ordinary shares	32
Corporate Directory	33



Chairman's Letter

Dear Fellow Shareholders,

Alcidion Group Limited (**Alcidion** or **Company**) is pleased to present its Preliminary Final Report for the financial year ended 30 June 2016 (**FY16** or **Period**).

Alcidion is focussed on anticipating the needs of the health care industry and we are focused on accelerating the commercialization of our innovative technologies that help create a healthier tomorrow, today.

Our mission remains to help our clients achieve, and sustain, high performance hospital services – by utilising our intelligent software to transform and improve patient care, staff productivity and service performance.

The core of Alcidion's business model is to create intellectual property in the form of Clinical Decision Support software (**CDSS**) to improve the quality of care for all patients and improve the productivity of clinicians and care teams.

On 29 February 2016, the Company listed on the Australian Securities Exchange (**ASX**) via a reverse takeover of Naracoota Resources Limited.

The Company secured \$2m of new equity upon the completion of the reverse takeover. The Company finishes the Period in a healthy financial position, with \$5.85m in cash, minimal debt and a \$1m provision for the R&D Tax Incentive.

The Company is pleased to report on the key highlights for FY16:

- Completion of the ASX listing as Alcidion Group Limited (ASX: ALC).
- Deployment of three new products (Clinic, Best Practice Orders Sets and Access Bed Management) to paid beta site customer environments.
- Deployment of our Critical Test Results Management technology across the NT.
- Strengthened our relationship with Fujifilm Australia securing additional sales of the intelligent Cardiovascular Information System (**iCVIS**).
- Development of a cloud based Data Acquisition Technology for the National Echocardiogram Database of Australia.
- Appointment of Resapp Health co-founder Mr. Brian Leedman to the Board.

Additionally, after the close of FY16, we announced that we had entered into a MoU with Western Health for a five year, \$2.35m contract signifying the transition of our Patient Flow and Bed Management Solutions from pilot installation to commercial deployment.

In FY16, the Company invested \$2.24m in Research and Development. Alcidion made significant progress over the course of the Period in the adoption of industry standard technologies into its Miya Platform and Integration Engine.

The move to standardise these technologies has resulted in substantial efficiency gains in the Company's software development and has seen a substantial decrease in the cost of deployment.



"This has skyrocketed the **efficiency** in patient care as well as the **safety**"

Professor Tissa Wijerante
Consulting Neurologist
Director of the Stroke & Neuroscience Unit
Western Health

Alcidion invested \$1.5m in developing a Computerized Physician Order Entry (CPOE) platform, in the form of a Best Practice Pathology Ordering platform that automates the electronic ordering of pathology tests for Emergency Department physicians.

With the strong position afforded by the Company's financial, technological and corporate achievements of 2016, the Company is poised to target the following milestones by 30 June 2017:

- Preparation for our planned North American expansion in 2018.
- Deployment of cloud based, low cost, product modules.
- Establish reference customers in each state in Australia and New Zealand.
- Engage Private Hospital Groups in Australia and New Zealand.
- Forge Strategic Partnerships with healthcare technology partners.

While Alcidion is an early stage technology Company, it maintains an ambition to rapidly grow its revenue by leveraging its technical developments, leveraging selected M&A opportunities, and targeting significant new markets, such as North America and New Zealand.

Yours faithfully,



Mr. Raymond Blight
B Tech, B Ec, MBM, FIE (Aust), FAICD
Chief Executive Officer & Chairman
Alcidion Group Limited

Business Strategy

In this, the first public Preliminary Final Report of Alcidion Group Limited, we will start with an overview of the Alcidion advanced health informatics software business.

Australia is struggling to combat issues such as escalating healthcare costs, poor or inconsistent quality of healthcare, rapid expansion in healthcare insurance, and changing healthcare reform mandates. These issues are further exacerbated by growing consumerism, globalization, changing demographics, lifestyles, and growing incidences of diseases that are expensive to treat. Resolving these issues is a daunting task faced by healthcare stakeholders, highlighting the need for proactive, collaborative, and systemic models.

Several initiatives and healthcare reforms have been developed in order to support the adoption and implementation of CDSS solutions.

Healthcare IT solutions such as Electronic Health Record (EHR), Clinical Decision Support systems, Computerized Physicians Order Entry (CPOE) and others

have emerged as lucrative solutions to counter the increasing healthcare cost and manage scattered patient data. Although, the adoption of Healthcare IT (HCIT) is slower than expected, factors such as healthcare reforms, unprecedented investments in healthcare IT, and government initiatives to promote implementation of HCIT solutions will reshape the healthcare system. Moreover, the deployment of the clinical information system on the cloud model will further add significant value to healthcare systems, thereby reducing healthcare costs and enhancing the opportunity to integrate healthcare systems.

Australia is struggling to
combat issues such as
escalating healthcare costs,
poor or inconsistent quality of
healthcare, rapid expansion in
healthcare insurance, and
changing healthcare reform
mandates

Fundamentally, Alcidion was born out of passion for a better healthcare system – and who better placed to enact this vision, than the former Chief Executive of South Australia Health and former Chair of the Australian Health Ministers' Advisory Council, Mr Ray Blight.

It is this conviction that Alcidion's product portfolio, based upon the Miya Clinical Decision Support and Smartform technology, hold the promise for a better tomorrow, a fundamental paradigm shift that will result in national savings in healthcare mounting into the hundreds of millions of dollars annually.

These are understandably strong words, making bold claims – but Alcidion is a bold company.

Already, The Department of Health in Tasmania and the Department of Health in the Northern Territory are systemically deploying Alcidion's technology.

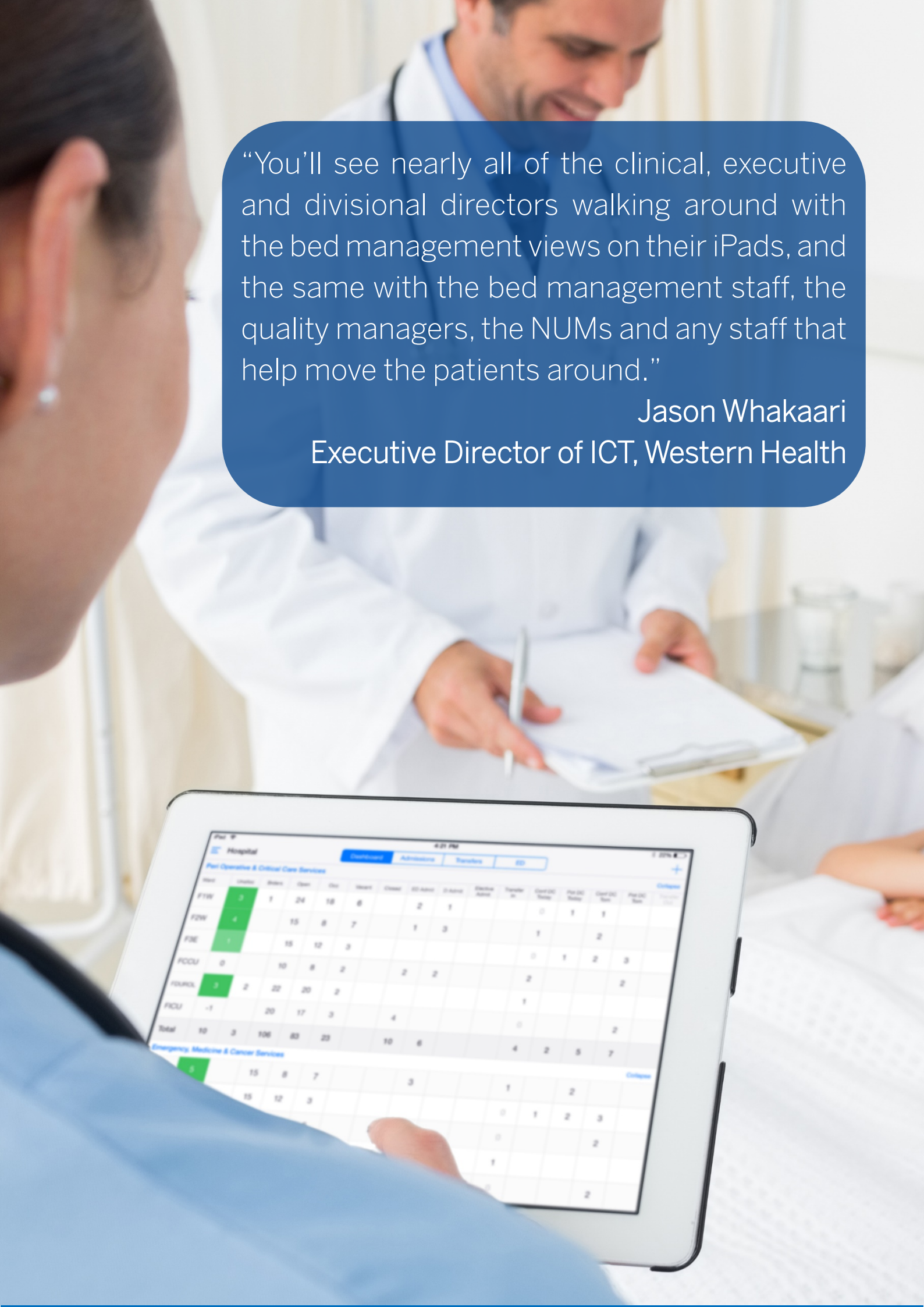
Miya Smartforms will play a pivotal role in addressing these challenges, by bringing key clinical information to the clinician in a way that highlights key risks. By using structured clinical

data, Miya Smartforms can use patient and clinical context to improve the signal to noise ratio. The Miya platform has been designed to present relevant data to highlight clinical risks, not extraneous data. This in turn, can present the medical and clinical risk data and provide relevant guidance as to the best care options. The clinician still makes the decision, but once they have done so Miya can track the implementation of the decision.

Almost diametrically opposed to the pressure of reducing operational expenditure within the Australian healthcare system, is the requirement to improve the quality of care for all Australians.

“You’ll see nearly all of the clinical, executive and divisional directors walking around with the bed management views on their iPads, and the same with the bed management staff, the quality managers, the NUMs and any staff that help move the patients around.”

Jason Whakaari
Executive Director of ICT, Western Health



The tablet screen displays a 'Hospital' dashboard for '4:21 PM' with tabs for 'Dashboard', 'Admissions', 'Transfers', and 'ED'. It shows a table of bed management data for 'Post Operative & Critical Care Services' and 'Emergency, Medicine & Cancer Services'.

Unit	Unavail	Blocked	Open	Occ	Heart	Chest	ED Avail	IC Avail	Med/Surg Avail	Transfer In	Count QG Beds	Pre QG Beds	Count QG Beds	Pre QG Beds
F1W	3	1	24	18	6		2	1			0	1	1	
F2W	4		15	8	7		1	3			1		2	
F3E	1		15	12	3						0	1	2	3
FCCU	0		10	8	2		2	2			2			2
F4WOL	3	2	22	20	2					1				
FICU	-1		20	17	3		4				0			
Total	10	3	106	83	23		10	6		4	2	5	7	

Unit	Unavail	Blocked	Open	Occ	Heart	Chest	ED Avail	IC Avail	Med/Surg Avail	Transfer In	Count QG Beds	Pre QG Beds	Count QG Beds	Pre QG Beds
F5W	5		15	8	7		3			1		2		
F6W			15	12	3						0	1	2	3
F7W											0		2	
F8W										1				

The Australian health care system has many excellent attributes but it has many problems that remain unresolved:

- Thousands of preventable deaths and iatrogenic injuries each year.
- 5-10% of hospital budgets consumed in fixing iatrogenic injury.
- High demand on Emergency Departments and inpatient services.
- Wide variation between best evidence and clinical practice.
- Clinical workforce shortages and recruitment/retention problems.
- More clinician time needed to process greater volumes of clinical data.
- Poor management of clinical risk and associated litigation risk.
- Over reliance on human memory and pen and paper control systems.
- Inability to adequately capture Clinical Coding Data for insurance claims.

According to the Australian Patient Safety Foundation, iatrogenic injury is costly; at least 10% of admissions to acute-care hospitals in Australia are associated with a preventable adverse event. It has been estimated that the direct medical costs of these events exceeds \$4 billion per year and that the total life-time cost of such preventable injury may be twice that amount; there is also a heavy toll in human costs on both those who are harmed and those who care for them.

There are ethical, humanitarian and financial imperatives to find out what is going wrong, collate and analyse the information and devise and implement strategies to better detect, manage and prevent these problems. Failure to do this will result in escalating costs, as the factors contributing to iatrogenic injury will become more prevalent, not less, in the coming years.

Alcidion Solutions

Alcidion's software solutions apply clinical knowledge to pertinent clinical data and deliver at the point of care clinical guidance and clinical decision support. Alcidion aims to reduce the clinician's risk exposure and improve patient outcomes with less clinician time at the computer and more with the patient.

Alcidion technology focuses on the clinical decision and assembles the pertinent clinical data for such events: highlighting clinical risk and guiding clinicians in delivering evidence based medicine. The platform provides for the automation of complex clinical processes – it prompts standardized patient pathways at the point of care and makes it easy for clinicians to customise a process to the needs of their patient.

Alcidion's CDSS platform:

- Eliminates missed test results.
- Promote a team approach to managing key clinical information.
- Provide fast access to risk rated results, with all elements of the assay risk rated.
- Access to all digital results at the point of care (Pathology, Radiology, Digital ECG).

Alcidion's mission is to help our customers achieve, and sustain, high performance hospital services – by using our intelligent software to transform and improve patient care, staff productivity and service performance.

What do we mean by intelligent software?

Our software works 24/7 in the background, continually processing patient data to build clinical intelligence that will help clinicians/care teams to make the best possible clinical decision for a patient, as soon as possible, and preferably at the point of care. Our intelligent software is focused on the Clinical Decision Support space: this is because the clinical decision drives many important factors in care delivery such as quality of clinical outcomes, patient safety, cost of service and so on.

Without intelligent software, clinicians have to remember where patient data may be found, go to some effort to try and retrieve it, most likely be bombarded with data that is not germane to the problem they are dealing with, and then sort through the dumped data to find that which is useful to them, at that point in time.

The purpose of Alcidion's intelligent software is to automatically *push* high value, clinical intelligence to the care team (a hand's off approach) which is in contrast to the majority of health IT systems wherein clinicians have to know what they are looking for and figure out how to *pull* it from one or more data sources (hands on).

How does Alcidion software transform patient care?

Simply put, by making the patient journey safer by reducing the preventable errors that lead to death and injury. Preventable errors arise when a patient's clinical risk is not monitored, goes unnoticed and/or is poorly managed.

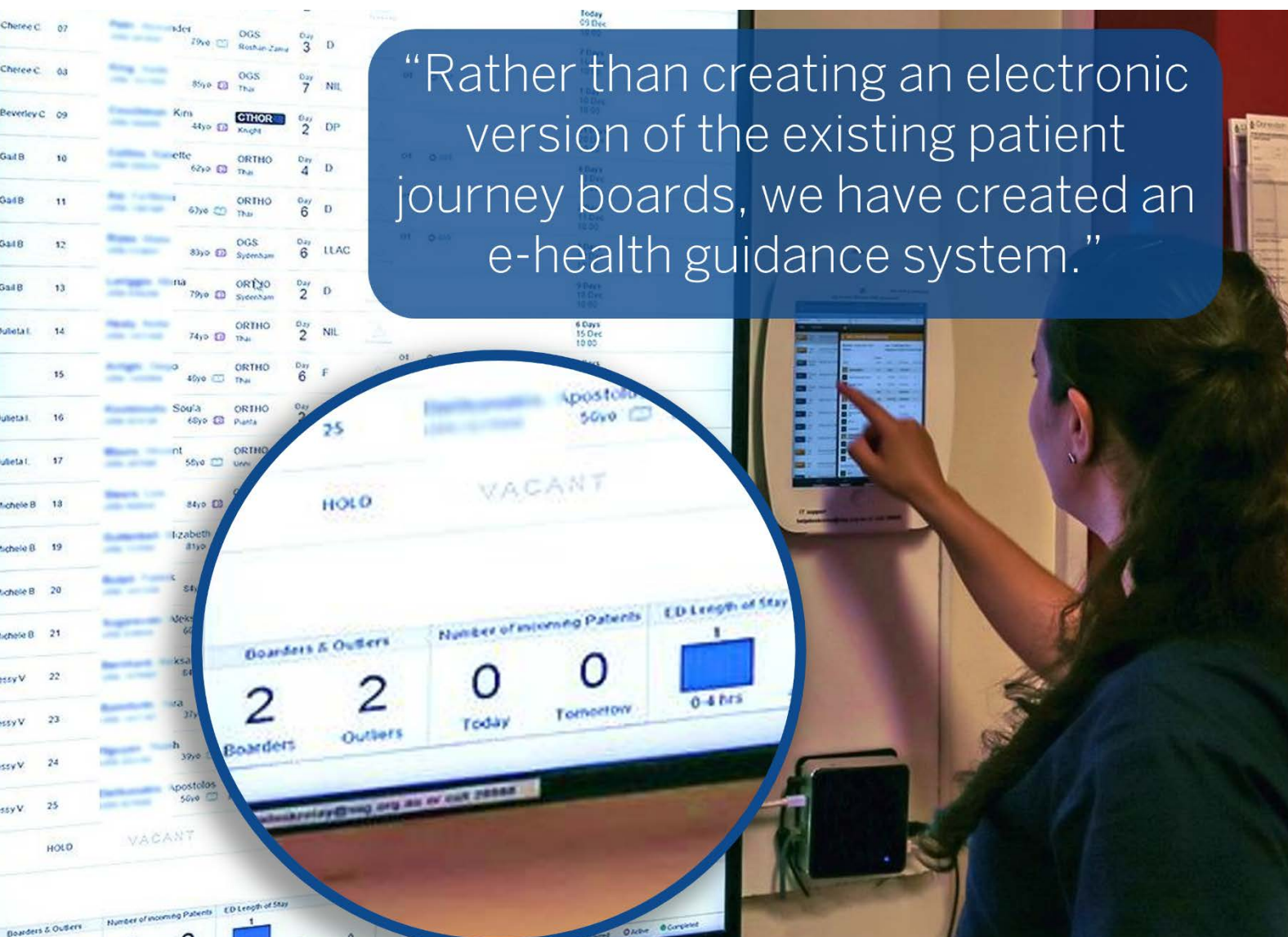
escalate the risk exposure to the care team and provide guidance on clinical risk management according to approved best practice clinical guidelines.

How does Alcidion software transform staff productivity?

By making it easier for staff to get the information they need to assess, monitor and manage patient clinical risk, giving them a time savings every time they use Alcidion software.

Staff satisfaction flows from using software that makes it easier for them to give the right care, first time: this contributes to motivated, less stressed staff, satisfied with doing a great job.

“Rather than creating an electronic version of the existing patient journey boards, we have created an e-health guidance system.”



How does Alcidion software transform service performance?

Accountability for overall hospital performance sits with hospital executives, who are held accountable against a variety of KPI's, some of which are similar across both public and private sectors (for example, length of stay in hospital).

Alcidion has seen an opportunity to leverage the highly granular clinical and logistics data generated from within its Patient Flow solution too present KPI feedback for both performance monitoring and performance management. Alcidion will continue to work with customers to build the hard evidence of performance improvement in costs, service quality and efficiency.

In summary, the Alcidion business is the supply of advanced health informatics to turbo charge hospitals towards high performance – safer, faster, more efficient and effective services.

During the period, Alcidion has added major new products into its health informatics software arsenal and each of them is in, or will shortly be in, a paid beta site deployment. On top of the existing product set, they will provide additional sales ammunition going forward in pursuit of accelerated revenue growth.

As these hospital focused products are maturing in the market place, Alcidion will research the morphing of our hospital based products into services/products to supply high performance health care in the out-of-hospital sector.

Miya Platform

At the heart of Alcidion's software, is an advanced, health informatics platform to deliver clinical decision support into the Alcidion product line – Miya Platform.

Hospitals are built upon an eco-system of disparate Clinical Information Systems (CIS), workflows are inherently complex and fluctuate based on each patient's differential diagnosis and modality.

Alcidion's Miya Platform integrates disparate CIS and is able to assemble, keep up to date and present in real time, a package of data that is then used to build clinical intelligence to support better care whilst P are in the hospital.

This clinical intelligence is focused on detecting and mitigating patient clinical risk and is pushed to the clinicians and care teams via continuum of devices, from large format digital displays through web browsers through to mobile devices.

Clinical Decision Support

Over the past decade, Alcidion has invested in excess of \$18.60m in the Research & Development of the cutting edge Clinical Decision Support System (CDSS) that is embedded in the Miya Platform suite. The rationale for this investment being the strong signs of maturing market interest in the need for CDSS. For example, beginning from 2016, the US Federal Government will progressively reduce funding to hospitals that have not adopted and deployed this technology. As a result, IndustryARC estimates that the CDSS market will grow at a Compound Annual Growth Rate of 21.5% from \$USD1.18b to \$USD4.65b by the end of the decade.

The work of healthcare professionals and clinicians is largely a world of making decisions and solving problems. It is a world of choosing issues that require attention, setting goals, finding and designing suitable courses of action and evaluating and choosing among alternative actions. Clinicians must choose from and interpret a myriad of clinical data, while facing pressure to decrease uncertainty, risks to patients and costs. The true essence of healthcare delivery is decision making — what information to gather, which tests to order, how to interpret and integrate this information into diagnostic hypotheses and what treatments to administer. Despite great steps forward, however, uncertainty still plays a pivotal role in most aspects of medical decision making. This uncertainty is compounded by the information overload that characterises modern medicine. Today's clinician needs close to 2 million pieces of information to practice medicine and doctors subscribe to an average of seven journals, representing over 2,500 new articles each year, making it impossible to keep abreast with the latest information about diagnosis, prognosis, therapy and related health issues.

Furthermore, the interpretation of patient data is difficult and complicated, due to the mainly because the required expert knowledge in each of many different medical fields is enormous



Co-Founder, Prof. Malcolm Pradhan studied medicine at the University of Adelaide and obtained a PhD in Medical Informatics from Stanford University, CA.

and the information available for the individual patient is multidisciplinary, imprecise and very often incomplete.

This is further complicated with a rising level of co-morbidities systemically across the population — an ever increasing level of patient complexity, with a rapidly expanding global population. Simply put — the current healthcare system will be unsustainable by the end of the next decade and we must adopt technological solutions to be able to produce a broader range of effective, high quality services with fewer human resources.

The core of our business model is the creation of intellectual property in the form of CDSS software developed to improve the quality of care for all patients and to dramatically improve the productivity of clinicians and care teams. Our software is bundled with other technologies and services to create complete clinical and business solutions for health care providers. In short, we build, sell, deliver, run and support solutions for health care provider organizations around the Australia and New Zealand.

Alcidion Product Portfolio

Computerized Physician Order Entry

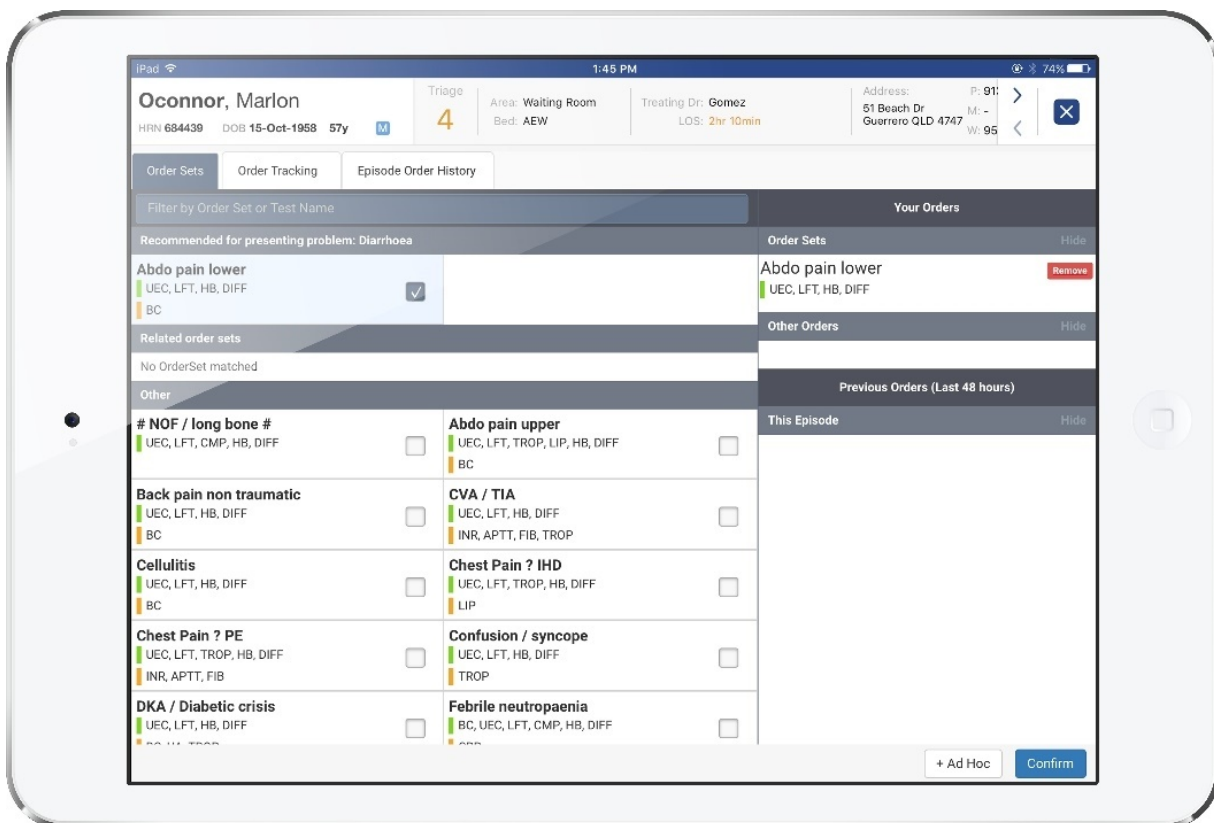
In FY16 Alcidion invested \$1.5m developing a Computerized Physician Order Entry platform, in the form of a Best Practice Pathology Ordering product that automates the electronic ordering of pathology for Emergency Department (ED) physicians.

guidelines published jointly by the Australian College of Emergency Medicine and Australian College of Pathologists. After an extensive, global market survey, they chose Alcidion to partner with to develop this advanced technology, specifically tuned to the Australian environment. Alcidion has delivered the software to NT Health and is awaiting a two-way data feed to a third party Laboratory Information

Miya Orders streamlines the Emergency Department workflow by providing guidance to physicians on the most clinically appropriate pathology tests for a patient, depending on the patient's clinical presentation.

One of Alcidion's long standing customers, the Northern Territory Department of Health (NT Health), saw the need for electronic ordering of pathology tests from the ED, with the test orders being controlled by the recently released Best Practice ED Pathology Ordering clinical

System to be commissioned by Northern Territory Health Department, before production operation gets underway. NT Health (Royal Darwin ED and Alice Springs ED) will be a significant reference site for further Best Practice Order Set



sales and deployments in Australia and New Zealand.

This product is an excellent example of the application of the Miya Platform to real life, clinical decision support – the essence of the Miya product set.

The build of the product was commissioned by NT Health and having cleared Alcidion internal Factory Acceptance Testing, the product was delivered to NT Health for their User Acceptance Testing in March 2016, with an expected “go live” date of November 2016.

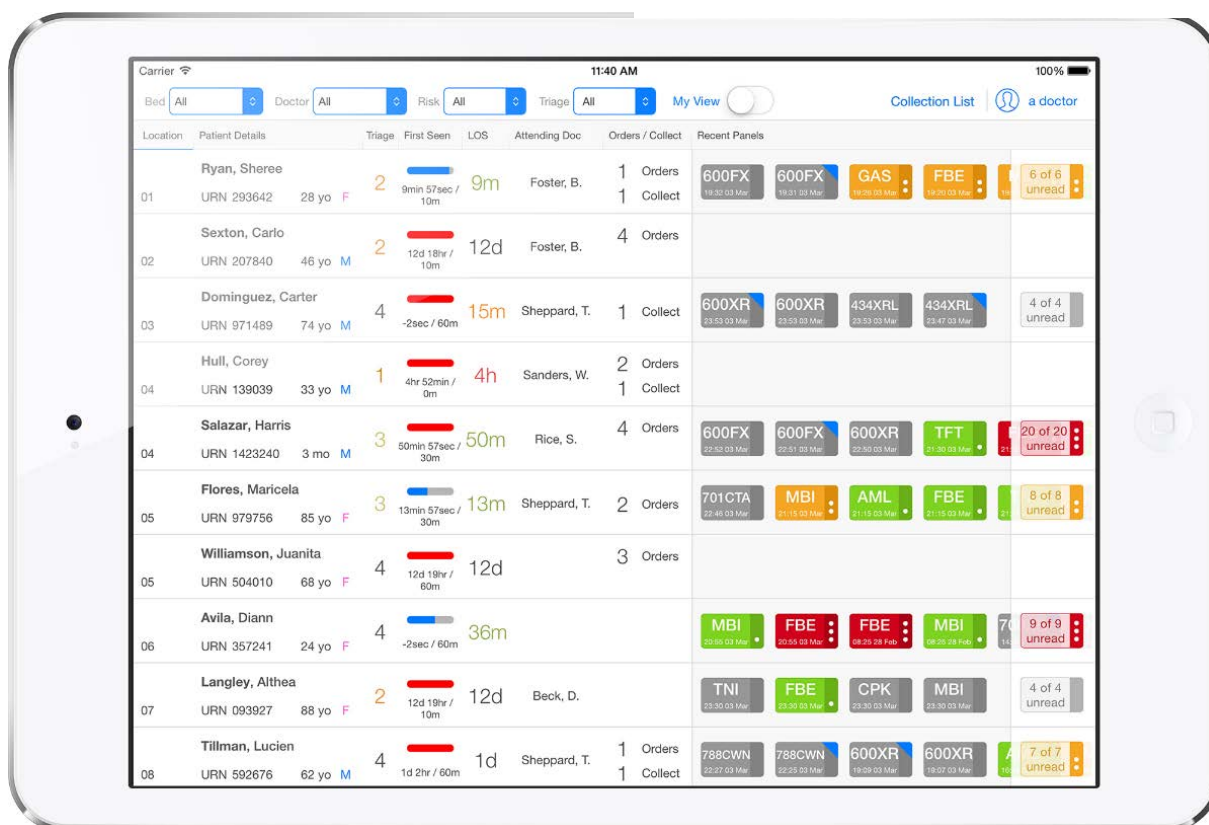
Miya Orders streamlines the Emergency Department workflow by providing guidance to physicians on the most clinically appropriate pathology tests for a patient, depending on the patient’s clinical presentation. The guidance is in accordance with best practice clinical guidelines as published by the Australia College of Emergency Physicians and College of Pathologists.

The product provides numerous benefits including the reduction in inappropriate, clinically irrelevant, wasteful and unnecessarily expensive tests. It reduces clinical variation in ED pathology ordering, historically a source of preventable errors in health care, and can dramatically reduce the time to treatment in the ED by allowing the safe ordering of pathology earlier in the patient’s ED episode.

In addition, ED staff are able to see the status of orders and identify workflow problems that may affect the timely delivery of lab results and overall patient flow. The technology also asks junior physicians to justify ordering unusual tests which will also reduce the number of high cost unnecessary tests.

The unnecessarily high costs of pathology ordering in Australian & New Zealand hospitals is a key reform target for the Commonwealth and State Governments.

A preview of the Miya ED Mobile Platform, scheduled to be launched in 2017



Patient Flow and Access Management

This recently released product set is another example of a customer driven search for truly innovative solutions to intractable problems. After a global survey of patient flow systems by an Executive member, including visits to the US and UK, Western Health was allocated a Victorian Government Department of Business and Innovation Grant to identify an SME that could build a proof of concept of a new generation of patient flow system.

Alcidion competed for this opportunity and was awarded a \$1.5m contract to build a proof of concept of an intelligent Patient Flow System. The proof of concept work went so well that Western Health decided to put their own money into funding Alcidion to put Patient Flow solution into production operation across the three hospitals and 30 wards making up the Western Health service.

This was followed by a commission for Alcidion to extend the Patient Flow system with an Access and Bed Management module that leverages data from the Patient Flow system to support the optimal allocation of the hospital bed stock to achieve the most efficient use of resources, in accordance with patient clinical priorities.

This has been another example of an Alcidion customer selecting the Company to execute on highly innovative product development via a paid beta development process, which has carried forward to the delivery and production implementation of new, advanced products.

Miya Clinic

Miya Clinic is a new product for managing outpatient services that was completed earlier this year and has gone into a paid beta site deployment in the Northern Integrated Care Service in Launceston, Tasmania.

Miya Clinic allows clinicians working in outpatient departments to effectively triage and track patients in the Outpatient Department.

It provides sophisticated tools that help to manage the patient's treatment from referral

through to discharge and ensures that patient receive best practice, high quality care, and reduces clinical risk.

Miya Referrals

Miya Referrals allows clerical staff and clinicians to manage the processing, clinical triage and wait-listing of referrals electronically. Many outpatient departments rely on manual processes and ad-hoc spreadsheet based solutions to track the various stages of referral management from receipt through to wait listing.

Miya Referrals has re-imagined a high performance referral management system. Miya Referrals v1.0 was based around management of referrals within some pre-set states – which was not flexible enough for broader market appeal. Miya Referrals includes the following innovations:

- Smart Filters – which allow outpatient departments to define customised lists of referrals based on any attribute of the referral. This allows customers to match referrals directly to their workflow.
- Organisation Structure – referrals can be grouped by any part of the organisation, and can be rolled up to groupings of services if required, allowing referrals to be managed by specialist teams, or in a central referral list model, or both, if required.
- Fax integration, including referral splitting – allowing outpatient departments to deal with clinical risks associated with multiple documents for different patients being sent as a single fax transmission
- Decision Support – Outpatient Department staff are provided with lists of referrals to prevent duplicates being created, reducing time spent processing referrals.

Turbocharging other Vendor's Software

Alcidion has responded to three approaches by external businesses to build specific solutions for them to take to market as their products. These are described below.

- **FujiFilm Australia (FFA):** Alcidion has built the intelligent Cardiovascular Information System (**iCVIS**) for FFA and after completion of the initial Luminary Site installation at the Western Health public hospital network in Melbourne, will now support FFA to achieve sales and installations across the FFA customer base. There are currently seven prospects being actively worked on in the iCVIS Sales pipeline. The FFA iCVIS solution won the National iAwards health category in 2014.
- **Vaper Trail:** Alcidion was commissioned to build a Specialist Anaesthetic Practice support system for a large practice in Adelaide and is now operational in a second large Adelaide practice and a Newcastle practice

- **Remedy:** A division of Australian Unity commissioned Alcidion to build a software solution to support a telephony based service to assist Australian members with post hospital coaching and out-of-hospital services to ensure members remain well and avoid a re-admission to hospital.

"FUJIFILM Australia identified a need in the cardiovascular market to improve cardiology care and analysis using smart clinical informatics software, with the aim of improving workflows, clinician efficiency and patient safety and reducing workplace stress for Clinicians. We couldn't be more proud in winning the National iAward for the iCVIS platform – a testimony to the power of working with smart Australian vendors, such as Alcidion, and leveraging their world class technology"

**FUJIFILM Australia General Manager
Mr Eric Lebail.**



Commercialising the Platform

Alcidion is an early stage Company with plans to achieve rapid revenue growth by leveraging the past years of technical effort and investment in the Miya Platform and the maturation of several major (paid) beta site deployments that are transitioning into production reference sites.

This progress is exemplified by our Melbourne based customer, Western Health Network where the organisation has transitioned from a paid beta deployment site to a commercial installation based on a three-year agreement with an option to extend in years four and five.

There will continue to be a R&D effort to keep the Platform current and to complete toolset capabilities such as configuration tools and editing tools for customer usage. But in general terms the Company effort will swing way from heavy R&D investment into a heavy sales and marketing, and business development, effort.

The rapid growth will come from several sources:

- Organic business growth driven through our commercialization strategy, initially targeting Australia New Zealand for short term sales and North American market entry in the medium term.
- Growth through M&A, targeting businesses in the health space with a complementary customer base and a technology/product line that would offer significant Alcidion product upselling.
- Expanding the method of platform delivery beyond the historical internal deployment model to a cloud based option.

Commercialisation will be further accelerated through a focussed sales and marketing effort to systematically engage with the continuum of hospital providers (private and public), health authorities, key healthcare consulting companies and strategic partnerships with major Health IT players.

Product Opportunity Leveraging the Cloud & Deep Learning

The maturing of cloud computing technologies offers significant commercial advantage to Alcidion in the sales, commissioning and ongoing support of its existing products, as they are retuned for delivery via cloud rather than bespoke internal deployments at individual customer sites.

The cloud also creates opportunity for Alcidion to deliver new, low cost, products, for example, smaller functional sub sets of larger existing Alcidion products but also opportunities to select new product modules for cloud delivery only, as standalone products/services, supported from the cloud at attractive prices.

Cloud delivery offers significantly lower upfront costs for customers, potentially faster/cheaper commissioning costs and lower Alcidion maintenance and support costs.

There are costs associated with the complete porting of the Alcidion product range to cloud computing and careful consideration will be given, on a product by product basis, to ensure the business moves to extract the commercial advantages of cloud computing.

Alcidion developed a data acquisition and processing product via the cloud to the National Echocardiogram Database of Australia (**NEDA**), the NEDA study will be the largest study of heart function in the world.

In addition to cloud based services Alcidion is evaluating the use of machine learning, and in particular deep learning technology. Deep learning has the potential to improve the detection of patient flow problems and patient risks so mitigation strategies can be activated earlier. Traditional statistical models have difficulty in coping with the complex nature of health care data, but new methods such as deep learning can handle this complexity if trained with enough data.

North American Expansion

The United States of America has the highest per capita healthcare costs in the world but still has lower life expectancy, and higher infant mortality rates, than other developed nations. In fact, it is estimated that over 30% of US health expenditure is wasted. It is no surprise then that regulatory reforms are driving change in the US healthcare sector. The 'payers', as a major source of healthcare funding, are highly motivated to reduce waste in the system. Healthcare software can help address many areas of waste.

The United States is being made the new primary target market of Alcidion and a concerted effort is being made to prepare the company for a US market entry as quickly as possible.

The United States was identified as a core strategic target on the following basis:

- Highest GDP expenditure on health in the world at 17.9% (versus 9.4% in Australia).
- Largest volume of Acute Care Hospitals in the English speaking world.
- As a result of high labour costs, CDSSs yield the strongest return of investment.
- Requirements to meet the criteria of "Meaningful Use" to receive incentives by the US Federal Government to encourage the adoption of EHR.

Once a reasonable foothold has been established in North America, the company believes it can exploit the economies of scale present in this new market to see a disproportionate high growth of sales relative to other markets.

Prior to the establishment of a direct presence in the United States, the company is required to achieve a number of pre-requisites, including:

- Transition Alcidion from its project orientated origins into a product orientated company, with the Miya Platform as the cornerstone product.
- Rebalance the organization from its core focus of engineering to a balanced business with significant Sales & Marketing capability.
- Develop a replicable, sustainable & commercial model in Australia, with the view to establishing a direct US presence at the commencement of 2018.
- Commercialize Alcidion's CDSS and Smartforms platforms within the domestic market, to provide a solid foundation in which to build the business upon internally.
- Adopt and implement QSR820 and register with the FDA as a manufacturer of a Class II medical device.
- Accelerate the commercialization of Miya Smartforms to suit the myriad of modalities within health (i.e a sufficiently diverse library of Smartforms).
- Establish an installation base across more than 5% of the Australian Healthcare Market to demonstrate efficacy, product reliability, interoperability, scalability and sustainability.
- Adoption of a rigorous IP Protection Strategy in advance of the product launch.
- Systemic adoption of industry "best practice" across all segments of the business.
- Commercial discipline and commercial approach to pervade management decision making.
- Develop content management utilities to reduce our support load and help to scale the system for handling large clinical content libraries.

Alcidion maintains its focus on expanding its operations into the North American marketplace. The rationale is to capitalise on high growth opportunities in health informatics across the North American continent.

In addition, Alcidion's founders have long recognised the negative impact of the Electronic Health Record on the productivity of the care team – the propensity for the care team to be overwhelmed by the volume of data that can be delivered for a particular patient, followed by the time consuming, manual task of clinicians then having to update the EHR (making them amongst the most expensive typists on the planet).

Alcidion's founders set out to build a decision support engine that could push to the care team only data relevant to the patient's current clinical risk, and provide visual guidance on decision options so that as decisions are made, the clinical documentation task can be completed quickly and simply.

Alcidion's Clinical Decision Support System supports these capabilities.

Recent changes in the US market appear to validate the initial vision of Alcidion's founders'. For example, in 2009 the US government invested \$1.2 billion to help healthcare providers implement and use Electronic Medical Records. Negative aspects of the EHR emerged, for example, the American Medical Association and the American College of Physicians reported in the latest (2014) survey:

"From the physicians' perspective, it appears that the significant investment in EHR systems over the past few years in the United States is failing to offer significant returns. Far from helping physicians to operate efficiently and have more time to spend with patients, the opposite appears to be the case."



Of the survey respondents:

- 55% said it was difficult or very difficult to use their EHR to improve efficiency
- 72% said it was difficult or very difficult to use their EHR to decrease workload
- 54% indicated that their EHR system increased their total operating costs, and
- 43% said they had not yet overcome productivity challenges associated with implementation of their EHR.

By 2016 the US government requires (legislated) hospitals to have one component of a Clinical Decision Support, and beginning in 2016, the US Federal Government will progressively reduce funding to hospitals that have not adopted and deployed CDSS technology.

Alcidion is intending to enter the North American market via the Canada due to the high cultural fit between the Canadian and

Australian health markets, and the similarities between the management and operation of the public hospital systems across the two countries.

The intent is to secure a major reference site in Canada to serve as demonstration site/testimonial site for potential US hospital customers and further Canadian customers.

Alcidion has entered into a non-binding discussion with a major Canadian healthcare technology provider.

In the United States, the healthcare Information Technology market is swelling, thanks to the federal government's legislative and financial incentives for technological progress. While most industries have adopted technology much

earlier, the healthcare industry is really just now catching up.

These changes are coming in waves. The first wave encouraged digital infrastructure and electronic health records adoption, a market which is now maturing. This wave was initiated when Congress passed the Health Information Technology for Economic and Clinical Health (HITECH) Act, which offered healthcare providers a carrot and stick approach to adopting meaningful use of this technology. This act incentivized hospitals, medical groups and doctors' offices with more than \$30 billion to change from paper patient medical records to Electronic Medical Records and use them in a meaningful way.

The Affordable Care Act (ACA) set the stage for the second wave of technology, which builds on EMR adoption by adding performance and quality reporting metrics into the mix. The ACA changes the payment paradigm in healthcare by tying

revenue to value and outcomes, versus volume of patients seen. Thus, new technologies are necessary for gathering, sharing and analysing vast amounts of data to manage the health of an entire patient population. Other technologies are addressing connectivity and interoperability issues, since moving to a value-based outcomes model requires better care coordination.

As reported above, the Clinical Decision Support Systems Market is set to grow 21.5% CAGR from \$USD1.18b in 2013 to \$USD4.65b by 2018 (IndustryARC).

According to a recent report by Capsite (a division of HIMSS), one third of all hospitals in the USA are planning to invest in Patient Flow Solutions.

*...Clinical Decision Support
Systems Market is set to
grow 21.5% CAGR from
\$USD1.18b in 2013 to
\$USD4.65b by 2018*



Appendix 4E: Unaudited Preliminary Financial Report

Preliminary Final Report for the year ended 30 June 2016

Overview

1. Alcidion Group Limited (the Group) delivered a FY16 Loss before tax of \$2.525m. However, this figure includes:
 - a. Non-cash expense of \$1.1m relating to listing expenses associated with reverse merger of Naracoota Resources and;
 - b. \$600k of fees directly relating to the reverse merger of Naracoota Resources.

Excluding the costs directly associated with the Reverse Merger of Naracoota Resources, the operational loss of the Group was \$825k against a Loss in FY15 of \$325k.
2. Net Cash at Bank at the end of the year was \$5.645m, with minimal debt.
3. Group Net Borrowings decreased by \$1.50m representing a decrease of 100%.
4. On 29 February 2016, Naracoota Resources Limited (NRR) acquired 100% of the ordinary share capital and voting rights Alcidion Corporation Pty Ltd as described in the prospectus issued 7 December 2015. Under AASB 3 Business Combinations this is treated as a 'reverse acquisition', whereby the accounting acquirer is deemed to be Alcidion Corporation Pty Ltd and Alcidion Group Limited is deemed to be the accounting acquiree. As a result, the Consolidated statement of cash flows comprises the cash transactions of Alcidion Corporation Pty Ltd for the year as well as the cash transactions of Alcidion Group Limited from the date of acquisition (29 February 2016) to the year ended date of 30 June 2016.
5. Upon completion of the acquisition, Alcidion Group Limited issued:
 - a. 400,000,000 Shares, 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights to the Alcidion Vendors (or their nominees) in consideration for the acquisition of all of the issued capital in Alcidion (Vendor Offer); and
 - b. 11,827,957 Class A Contingent Share Rights and 15,053,763 Class B Contingent Share Rights to Beacon in consideration for the initial introduction and structuring of the Alcidion Acquisition (Beacon Offer).

Unaudited Preliminary Final Report

The financial information provided in the Appendix 4E is based on the preliminary final report which has been prepared in accordance with Australian Accounting Standards.

The financial report for the year ended 30 June 2016 is in the process of being audited and Alcidion Group Limited will release audited financial statements on/or before 30 September 2016.

Parent Entity

The ultimate Australian parent entity and the ultimate parent of the Consolidated Entity is Alcidion Group Limited and the details of its subsidiary is as under:

	COUNTRY OF INCORPORATION	CLASS OF SHARES	2016 %	2015 %
Alcidion Corporation Pty Ltd	Australia	Fully paid	100	-

Details of the reporting period

This preliminary Financial Report under ASX listing rule 4.3A covers Alcidion Group Limited and its controlled entities. Except where stated otherwise, all figures relate to the year ended 30 June 2016 and the previous corresponding period to the year ended 30 June 2015.

Reverse Merger of Naracoota Resources

During the year the company changed its name from Naracoota Resources Limited (ASX:NRR) to Alcidion Group Limited (ASX:ALC).

The company raised \$2 million pursuant to the offer under the prospectus dated 7 December 2016 issued by the company by the issue of 64,516,129 fully paid ordinary shares at an issue price of \$0.031 per share.

The company acquired 100% of the issued capital of Alcidion Corporation Pty Ltd on 29 February 2016 as part of a reverse takeover. Accordingly, for accounting purposes Alcidion Corporation Pty Ltd is considered the acquirer and ongoing business following the acquisition and comparative figures will not reconcile to previous annual financial reports prepared and lodged by Alcidion Group Limited (formerly Naracoota Resources Limited).

Non-Cash Listing Expense

As a result of the listing, the Company included a one off, non-cash expense of \$1.10m relating to listing expenses associated with reverse merger of Naracoota Resources.

Direct Costs associated with the transaction

Both Naracoota Resources and Alcidion Corporation Pty Ltd incurred legal, accounting, consulting and professional services costs during the Reverse Takeover, with the estimated costs of \$600,000, substantially lower than the costs of an Initial Public Offering.

Results for announcement to the market

	Consolidated 2016 \$	Company 2015 \$	Change
Revenue	4,024,964	5,177,321	(22%)
Net loss after tax	(2,544,717)	(318,264)	(699%)
Underlying loss before tax *	(1,417,817)	(325,565)	(335%)
Basic earnings per share (cents)	(0.63)	(0.12)	(417%)
Diluted earnings per share (cents)	(0.63)	(0.12)	(417%)

* The underlying loss before tax is a non-IFRS measure used to present the ongoing activities of the Group. It excludes the corporate restructure / RTO expense of \$1,107,175.

Dividends per security

No dividends were paid or proposed for the current or previous corresponding period. On 31 August 2016, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2016.

	2016 Cents	2015 Cents	Change
Interim dividend	Nil	Nil	-
Final dividend	Nil	Nil	-

Net tangible assets per security

	Consolidated 2016 \$	Company 2015 \$
Net assets	6,574,539	650,577
less Intangible assets	(102,875)	(130,465)
Net tangible assets	6,471,664	520,112
Ordinary shares	602,779,957	265,584,028
Net tangible assets per security – book value	\$0.011	\$0.002

Entities over which control has been gained or lost

Control over Alcidion Corporation Pty Ltd was obtained on 29 February 2016.

Details of associates and joint ventures

The company does not have any associates or joint ventures.

Commentary on the results for the period

Refer to Preliminary Final Report for year ended 30 June 2016.

Audit

This report is based on the condensed consolidated financial statements which are in the process of being audited by the company's auditor, Stantons International.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	CONSOLIDATED UNAUDITED 2016 \$	COMPANY AUDITED 2015 \$
Continuing operations		
Revenue	4,024,964	5,177,321
Interest income	59,627	19,446
Other income	44,654	3,937
Cost of sale of goods	(1,627,329)	(1,982,168)
Audit fees	(55,681)	(23,107)
Listing Expense	(1,107,175)	-
Depreciation and amortisation expense	(72,218)	(115,066)
Directors and employee benefits expense	(2,703,750)	(2,597,378)
Finance costs	(6,807)	(21,130)
Legal fees	(105,606)	(38,609)
Marketing expense	(123,809)	(45,087)
Operations and administration expense	(559,785)	(330,447)
Other expenses from ordinary activities	(292,077)	(373,277)
Loss before income tax expense	(2,524,992)	(325,565)
Income tax (benefit)/expense	19,725	(7,301)
Loss after tax from continuing operations	(2,544,717)	(318,264)
Total comprehensive loss for the year	(2,544,717)	(318,264)
Earnings / (Loss) Per Share		
Basic and diluted loss per share (cents)	(0.63)	(0.12)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the unaudited preliminary final report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	CONSOLIDATED UNAUDITED 2016 \$	COMPANY AUDITED 2015 \$
Assets		
Current assets		
Cash and cash equivalents	5,645,357	2,321,254
Trade and other receivables	2,122,173	1,262,291
Other financial assets	59,374	6,885
Total current assets	7,826,904	3,590,430
Non-current assets		
Property, plant and equipment	137,818	190,112
Deferred tax assets	97,804	124,690
Intangible assets and goodwill	5,071	5,775
Total non-current assets	240,693	320,577
Total assets	8,067,597	3,911,007
Liabilities		
Current liabilities		
Trade and other payables	370,638	499,270
Borrowings	5,104	47,096
Provisions	202,294	227,116
Other	866,722	831,472
Total current liabilities	1,444,758	1,604,954
Non-current liabilities		
Borrowings	-	1,500,000
Provisions	48,300	155,476
Total non-current liabilities	48,300	1,655,476
Total liabilities	1,493,058	3,260,430
Net assets	6,574,539	650,577
Equity		
Issued capital	10,568,683	2,100,004
Retained earnings	(3,994,144)	(1,449,427)
Total equity	6,574,539	650,577

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the unaudited preliminary financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED UNAUDITED 2016 \$	COMPANY AUDITED 2015 \$
Cash flows from operating activities		
Receipts from customers & R&D Rebate Received	3,209,630	6,578,545
Payments to suppliers and employees	(5,891,892)	(5,450,513)
Interest received	59,627	19,446
Finance costs	(6,807)	(18,153)
Net cash inflows / (outflow) from operating activities	(2,629,242)	1,129,325
Cash flows from investing activities		
Cash received on acquisition of subsidiary	5,332,057	-
Proceeds from sale of property, plant and equipment	-	75,982
Payments for property, plant and equipment	(19,220)	-
Net cash inflows / (outflow) from investing activities	5,312,837	75,982
Cash flows from financing activities		
Proceeds from issue of shares	682,500	-
Proceeds from borrowings	-	1,265,662
Repayments of borrowings	(41,992)	-
Net cash inflows / (outflow) from financing activities	640,508	1,265,662
Net increase/(decrease) in cash and cash equivalents	3,324,103	2,319,005
Cash and cash equivalents at the beginning of the year	2,321,254	2,249
Cash and cash equivalents at the end of the year	5,645,357	2,321,254

- (i) This includes the capital raising of \$2,000,000 undertaken immediately before the completion of the Reverse Takeover of Naracoota Resources Ltd.

The Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes, which form an integral part of the unaudited preliminary final report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	COMPANY		
	Issued capital	Accumulated Losses	Total equity
AUDITED	\$	\$	\$
Balance at 1 July 2014	2,100,004	(1,131,163)	968,841
Loss for the year		(318,264)	(318,264)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive income for the year	-	(318,264)	(318,264)
Shares issued during the year	-	-	-
Share-based payments	-	-	-
Balance as at 30 June 2015	2,100,004	(1,449,427)	650,577

	CONSOLIDATED		
UNAUDITED			
Balance as at 30 June 2015	2,100,004	(1,449,427)	2,100,004
Loss for the year		(2,544,717)	(2,544,717)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive income for the year	-	(2,544,717)	(2,544,717)
Shares issued during the year	2,182,500	-	2,182,500
Share-based payments - acquisition	6,286,179	-	6,286,179
Balance as at 30 June 2016	10,568,683	(3,994,144)	6,574,539

Notes to The Preliminary Final Report

General information

Alcidion Group Limited (the Company and controlled entity) is a limited company incorporated in Australia. The core of Alcidion's business model is to create intellectual property in the form of Clinical Decision Support Systems (CDSS) software developed to improve the quality of care for all patients and improve the productivity of clinicians and care teams.

The Company's software is bundled with other technologies and services to create complete clinical and business solutions for health care providers. In short, Alcidion builds, sells, delivers, runs and supports solutions for health care provider organisations around the Australia and New Zealand.

Statement of significant accounting policies

These unaudited preliminary consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The unaudited preliminary financial statements comprise the consolidated financial statements of the Company and its controlled entity (collectively the Group).

The unaudited preliminary financial statements were authorised for issue by the directors on 31 August 2016.

Basis of preparation

The financial statements comprise the unaudited preliminary consolidated financial statements of the Group. For the purposes of preparing the unaudited preliminary consolidated financial statements, the Company is a for profit entity. Material accounting policies adopted in the preparation of these unaudited preliminary financial statements are presented below. They have been consistently applied unless otherwise stated.

These condensed consolidated financial statements represent those of Alcidion Group Limited and controlled entities (the "consolidated group" or "group").

These condensed consolidated financial statements are in the process of being audited by the company's auditor, Stantons International.

The financial statements have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Use of Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the condensed financial statements based on historical knowledge and best available current information. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Statement of compliance

These unaudited preliminary financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board (AAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the Corporations Act 2001 (Cth).

Australian Accounting Standards set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the unaudited preliminary financial statements and notes also comply with IFRS as issued by the IASB.

Financial position

The unaudited preliminary consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The unaudited preliminary financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2016 of \$2,544,717 (2015: \$318,264 loss), and a net cash outflow from operations of \$2,629,242 (2015: inflow of \$1,129,325). At 30 June 2016, the Group has net current assets of \$6,382,146 (2015: \$1,985,476 net current assets/liabilities) and net equity of \$6,574,539 (2015: \$650,577).

Based on a cash flow forecast, the Group has sufficient working capital to fund its mandatory obligations for the period ending 12 months from the date of this report. Should the Group be unable to generate sufficient funds from its operations or it is unable to raise sufficient capital, the planned operations and software development may have to be amended. The Board is confident in securing sufficient additional capital to fund the operations of the Group. The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds.

Reverse acquisition

Alcidion Group Limited (formerly Naracoota Resources Limited) (Alcidion) is listed on the Australian Securities Exchange. The Company completed the legal acquisition of Alcidion Corporation Pty Ltd (Alcidion Corporation) on 29 February 2016.

Alcidion Corporation (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Alcidion (accounting subsidiary). Accordingly, the unaudited preliminary consolidated financial statements of Alcidion have been prepared as a continuation of the financial statements of Alcidion Corporation. Alcidion Corporation (as the deemed acquirer) has accounted for the acquisition of Alcidion from 29 February 2016. The comparative information presented in the unaudited preliminary consolidated financial statements is that of Alcidion Corporation.

The impact of the reverse acquisition on each of the primary statements is as follows:

- The consolidated statement of comprehensive income:
 - for the year to 30 June 2016 comprises twelve months of Alcidion Corporation and the period from 29 February 2016 to 30 June 2016 of Alcidion; and
 - for the comparative period comprises 1 July 2014 to 30 June 2015 of Alcidion Corporation.
- The consolidated statement of financial position:
 - as at 30 June 2016 represents both Alcidion Corporation and Alcidion as at that date; and
 - as at 30 June 2015 represents Alcidion Corporation as at that date.
- The consolidated statement of changes in equity:
 - for the year ended 30 June 2016 comprises Alcidion Corporation's balance at 1 July 2015, its loss for the year and transactions with equity holders for twelve months. It also comprises Alcidion loss for the period and transactions with equity holders from 29 February 2016 to 30 June 2016 and the equity value of Alcidion Corporation and Alcidion at 30 June 2016. The number of shares on issue at year end represent those of Alcidion only.
 - for the comparative period comprises 1 July 2014 to 30 June 2015 of Alcidion Corporation's changes in equity.
- The consolidation statement of cash flows:
 - for the year ended 30 June 2016 comprises the cash balance of Alcidion Corporation, as at 1 July 2015, the cash transactions for the twelve months (twelve months of Alcidion Corporation and the period from 29 February 2016 to 30 June 2016 of Alcidion) and the cash balances of Alcidion Corporation and Alcidion at 30 June 2016.
 - for the comparative period comprises 1 July 2014 to 30 June 2015 of Alcidion Corporation's cash transactions.

Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on

historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Comparative figures

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the unaudited preliminary consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the unaudited preliminary consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Subsequent Events

Subsequent to the close of the Report Period, the company received a cash payment of \$621,500 from Western Health. Aside from the receipt of these funds, the Directors are not aware of any significant events since the end of the financial year that have or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Share Capital

During the year the Company's share base changed:

	2016	2015
Initial Number of Shares issued	138,263,828	138,263,828
Capital Raising	64,516,129	
Acquisition through Share based Payment	400,000,000	
Total Number Shares Issued at 30 June 2016	602,779,957	138,263,828

Number of restricted shares for a period of up to 24 months after the 29th February 2016 is 267,352,218 Shares. 2,927,641 are restricted for 12 months and 264,424,576 are restricted for 24 months.

Twenty largest registered holders – ordinary shares

Rank	Name	Units	% of Units
1.	Prof. Malcolm Pradhan	139,861,782	23.20%
2.	Mr Raymond Blight	98,548,711	16.35%
3.	BSPE Medical Technology Pty Ltd	90,863,812	15.07%
4.	Allure Capital Pty Ltd	32,841,225	5.45%
5.	Ms Lin Lin	8,064,517	1.34%
6.	Walsh Prestige Pty Ltd	4,000,001	0.66%
7.	Mr Harry Hoholis	4,000,000	0.66%
8.	Mr Duncan Craig	3,873,101	0.64%
9.	Mr Pierre Pulko	3,500,000	0.58%
10.	Pershing Australia Nominees Pty Ltd	3,350,032	0.56%
11.	Mr Nathan & Trudi Buzza	3,225,806	0.54%
12.	Mr Mike Massen	3,188,667	0.53%
13.	Mr Phillip Coulson	3,177,329	0.53%
14.	Walani Pty Ltd	3,177,329	0.53%
15.	Mr Vince Truda	2,750,000	0.46%
16.	Mr Gavin Zischke	2,592,623	0.43%
17.	Mr Jacob Oscar Coulson	2,541,863	0.42%
18.	Spaktacular property developments Pty Ltd	2,500,000	0.41%
19.	Comsec Nominees Pty Ltd	2,272,642	0.38%
20.	Jjayarajan investments Pty Ltd	2,247,544	0.37%

Shareholder data as of 30/08/2016.

Corporate Directory

Current Directors (Alcidion Group Limited)

Name	Position	Date of Appointment
Mr. Ray Blight	Executive Chairman	22/02/2016
Prof. Malcolm Pradhan	Executive Director	22/02/2016
Mr. Nathan Buzza	Executive Director	22/02/2016
Brian Leedman	Non-Executive Director	28/07/2016
Mr. Nick Dignam	Non-Executive Director	22/02/2016
Mr. Josh Puckridge	Non-Executive Director	09/03/2015

Previous Directors (Naracoota Resources Limited)

Name	Position	Date of Resignation
Mr. Gavin Wates	Non-Executive Director	23/02/2016
Mr. Thomas Bahen	Non-Executive Director	22/02/2016

Registered office

Suite 9 / 330 Churchill Avenue
Subiaco WA 6008
Australia

☎ +61 8 6489 1600

📠 +61 8 6489 1601

Web Site

www.alcidion.com

Auditors

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

☎ +61 8 9481 3188

📠 +61 8 9321 1204

Accountants

BDO
Level 7, 420 King William Street
Adelaide SA 5000
Australia

☎ +61 8 7324 6000

📠 +61 8 7324 6111

Stock Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000
Australia

ASX Code: **ALC**

Company Secretary

Miss Loren Anne Jones

Registers of securities

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace,
Perth WA 6000
Australia

About Alcidion

Alcidion Group Limited (ASX:ALC) is a leading provider of intelligent informatics for high performance healthcare that empowers clinicians with decision support tools to ensure the highest quality of care for their patients. By providing clinicians with decision support tools and making recommendations about patient care, patient flow and patient safety, organisational efficiency may be optimised and key clinical risks eliminated.

Alcidion's solutions target key problems for Emergency Rooms, Inpatient Services and Outpatient Departments and are built upon a next generation health informatics platform, which incorporates an intelligent EMR, Clinical Decision Support Engine & Electronic Smartforms.

Want More Information ?

To learn more about Alcidion solutions, contact your Alcidion representative, visit our website at www.alcidion.com or call us at 1800 767 873.



www.alcidion.com
sales@alcidion.com
1800 767 873

2/40 Greenhill Road
Wayville SA 5034
AUSTRALIA