



# Alcidion Group Limited (ASX:ALC)

## Half Year Report FY18 – 31 December 2017

This page is intentionally blank

## Contents

|                                                                  |    |
|------------------------------------------------------------------|----|
| Corporate Directory .....                                        | 4  |
| Chairman's Letter .....                                          | 6  |
| Directors' Report.....                                           | 10 |
| Auditor's Independence Declaration .....                         | 15 |
| Directors' Declaration.....                                      | 16 |
| Independent Auditor's Review Report.....                         | 17 |
| Statement of Profit of Loss and Other Comprehensive Income ..... | 19 |
| Statement of Financial Position .....                            | 20 |
| Statement of Changes in Equity.....                              | 21 |
| Statement of Cash Flows.....                                     | 22 |
| Notes to the Financial Statements.....                           | 23 |
| Additional Shareholders' Information .....                       | 28 |
| Appendix 4D .....                                                | 30 |

## 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. Nick Dignam       | Non-Executive Director | 22/02/2016          |
| Mr. Geoff Rohrsheim   | Non-Executive Director | 01/08/2017          |
| Ms. Rebecca Wilson    | Non-Executive Director | 01/08/2017          |

### Previous Directors

| Name              | Position               | Date of Resignation |
|-------------------|------------------------|---------------------|
| Mr. Nathan Buzza  | Executive Director     | 31/07/2017          |
| Mr. Brian Leedman | Non-Executive Director | 31/07/2017          |

### Registered office

c/- BDO Australia (Adelaide)  
Level 7, 420 King William Street,  
Adelaide, 5000

### Principal place of office

Level 2, 40 Greenhill Road,  
Wayville SA 5034

+61 8 6489 1600

+61 8 6489 1601

### Website

www.alcidion.com

### Auditors

William Buck  
Level 6, 211 Victoria Square  
Adelaide SA 5000

+61 8 8409 4333

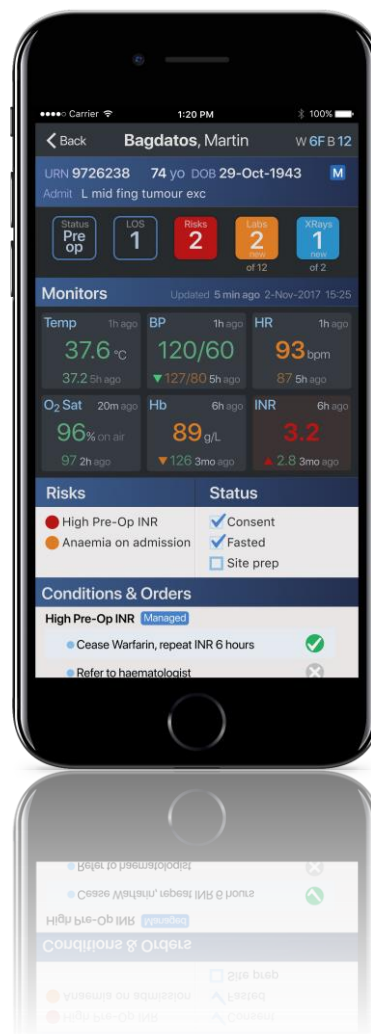
+61 8 8409 4499

### Accountants

BDO  
Level 7, 420 King William Street  
Adelaide SA 5000

+61 8 7324 6000

+61 8 7324 6111



**Bankers**

Commonwealth Bank  
Business Banking SME  
Level 2, 100 King William Street  
Adelaide SA 5000

☎ + 61 8 8111 0664

☎ +1300 522 329

**Solicitors**

Kain Corporate + Commercial Lawyers  
315 Wakefield Street  
Adelaide SA 5000

☎ +61 8 7220 0931

☎ +61 8 7220 0911

**Stock Exchange**

Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney, NSW 2000

ASX Code: **ALC**

**Company Secretary**

Mr Duncan Robert Craig

**Registers of securities**

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street,  
Adelaide SA 5000



## Chairman's Letter

Dear fellow shareholders,

I herewith present the Half Year financial results for Alcidion Group Limited for the 6 months ending 31 December 2017, being the first half of the 2018 financial year (H1 FY2018).

The first half of 2018 has focused on the execution of three elements within our growth strategy, that is, product differentiation to expand existing markets and open up new markets, acquisitions (M&A) to expand our customer base and provide further product differentiation via synergistic software products, and entry into new markets beyond Australia.

Our product differentiation has progressed well in this period, via three different mechanisms: technological advancement, acquisition of complementary software and collaboration with third party software Companies.

Technological advancements in our core Miya platform have strengthened our offering in the private hospital sector and has opened an opportunity to enter the "out-of-hospital" community sector.

Advancements made this half enable our software to track patient clinical complexities that require additional care over and above that required for the patient's principal diagnosis. Hospitals routinely provide this supplementary care but rarely claim the additional legitimate reimbursement – we therefore offer a

solution where private hospitals in particular can properly claim additional reimbursement and thereby improve their revenue.

Our entry into the "out-of-hospital" community care sector has materialised through the winning of a Commonwealth Government MTPConnect grant wherein Alcidion, as the industry lead, will commission the Miya Platform on the Cloud to provide Artificial Intelligence (AI) services to support better clinical decision making in the cardiology services provided to some 700 heart patients in rural and remote South Australia. We are delighted to be working with, and supporting, the integrated Cardiology Care Network (iCCNet), the unit within Country SA Health that established this community care program some 10 years ago and is now achieving equivalent care outcomes for rural/remote patients to those delivered for metropolitan patients.

The acquisition of Oncall's Smartpage product has significantly enhanced our Patient Flow offering. During the half, Alcidion announced that it had entered into a definitive agreement to acquire Oncall Systems Limited, a leader in advanced clinical messaging and mobile task management systems for hospitals and allied healthcare. Oncall Systems have designed, developed and commissioned the Smartpage product set, a modern, cloud based, communication and collaboration suite that has three software modules for Clinical, Orderly and Emergency messaging and tasking.

This acquisition has fuelled further integration of Smartpage into the Miya Patient Flow and this has not only further differentiated Miya Flow in the market but also significantly increases its value because of Smartpage's ability to increase the efficiency of patient transits through hospital. Our initial introduction of Patient Flow Smartpage packages to the market, via several public tender evaluation demonstrations, has created strong interest. We are focussing a sales and marketing effort on converting this interest into new contracts.

The Oncall acquisition has given us a very firm base in the New Zealand with two of the

largest District Health Boards now being Alcidion customers.

Smartpage is also being marketed as a stand-alone offering which means we can competitively price the product outside of the higher Miya Flow cost structures.

Since Alcidion entered into its initial reseller agreement with Oncall in May 2017, we have contracted to supply a stand-alone Smartpage solution to Monash Health, a five public hospital network based at the Monash Medical Centre. This is our inaugural installation which will go live in the second half of FY18 and give us a valuable reference site for the Australian market

The Smartpage Orderly module went live at North Shore and Waitakere Hospitals in the northern suburbs of Auckland in this half, and has already demonstrated the service and cost improvement potential in the large hospital setting. Overall, the acquisition of Oncall offers significant growth potential for Alcidion and enhances our market presence in both the Australian and New Zealand.

The consideration for Oncall is comprised of two components, the first component being an initial upfront cash payment of NZ\$750k and the second component is a purchase price uplift to be paid based on Oncall's revenue performance in the first 18 months under Alcidion ownership. As at 31 December 2017, the initial cash consideration had not been paid but it was paid in January and will be reflected in the full year accounts. Under the terms of the acquisition, Dr Aidan Gill, Oncall's founder and Managing Director, will become General Manager of the Oncall subsidiary and contribute to Alcidion's Executive Management Team going forward.

Returning to our product differentiation effort, in the half, we entered into a significant collaboration with MKM Health wherein Alcidion primed a tender bid for an electronic patient journey board solution for the ACT Government. Via this collaboration, Alcidion was able to offer a very comprehensive Miya Flow solution that included integration with a bedside observations module and a clinical handover notes module from MKM's Patienttrack software suite. As a result, Alcidion's offer provided unique capability and with the cooperative support of MKM, we were able to demonstrate a functionally very rich Flow

solution with real time integration of both Smartpage and Patienttrack capability.

Since then, we have given a further three major customer demonstrations of the Miya Flow, Smartpage, Patienttrack package with very encouraging feedback.

In addition to Dr Gill, we have made another key appointments to our Executive Management Team which will be important in driving the next stage of Alcidion's growth in the second half of 2018 and beyond. In December 2017, we announced the appointment of Mr Kevin Moynihan, a veteran health IT executive and founder of clinical IT company, Kestral Computing. As Executive Vice President of Business Development, Mr Moynihan will be responsible for managing emerging business initiatives and identifying new business opportunities, with an initial focus on Miya's new predictive analytics platform, new revenue and safety modules as well as Smartpage.

From a financial perspective, Alcidion generated revenues of \$1.70 million in H1 FY2018 (H1 FY2017 : \$1.78 million) and had a closing cash balance of \$4.63 million as at 31 December 2017 (30/6/17 : \$5.33 million). Alcidion's revenue performance during the half was affected by delays in billing cycles and contract signing. The retirement of the Remedy Solution product with Australian Unity also ceased making a contribution to Alcidion's revenue in June 2017.

As we look forward to the second half of the financial year, Alcidion remains focused on executing its growth strategy and building its revenue base, particularly through the roll-out of our enhanced Miya platform and advanced metrics capability. There are several significant contracts which we expect to execute in the second half of FY2018 which will further support growth in our revenue position.

We will continue to pursue new contracts within the Australian and NZ hospital sector, and based on using our current sites and large scale customers such as Western Health, we expect to make further progress in these markets.

Our marketing capability is maturing and we designed and ran a comprehensive campaign around our private hospital offerings and will repeat this a focus on Smartpage for the next half.

Business and new product development will also be a key focus with Alcidion's predictive analytics capability to be formally launched in the next six months, under the refreshed Business Development team to be led by Mr Moynihan. Our transition to a complementary cloud based offering across our entire Miya platform is also nearing completion.

Finally, strategic bolt-on acquisition opportunities that enhance our product, geographic or customer position will remain a core part of Alcidion's future growth strategy. We continue to undertake discussions with partners in new geographic markets, or with potential businesses that offer a complementary product offering.

We remain committed to positioning Miya as a leading player in the healthcare decision intelligence industry. Alcidion's Miya technology has demonstrated that it can improve clinical risk management, efficiency and productivity in the public hospital setting and we are now poised to repeat that in the private hospital setting and in the community care sector. We therefore believe Alcidion is uniquely positioned to take a leading role in the new digital health economy.

We look forward to a productive second half of FY2018 and will update shareholders as key developments occur.

Yours faithfully,



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



"The first half has seen Alcidion focused on executing our growth strategy, particularly technological advancements in the development of the Miya platform and making complementary bolt-on acquisitions"

“Alcidion’s Miya technology has demonstrated it can improve clinical risk management, efficiency and productivity in a hospital setting and Alcidion is uniquely positioned to take a leading role in the new digital health economy”



## Directors' Report

The directors of Alcidion Group Limited ("Alcidion", "the Group" or, the "Company") submit herewith the interim financial report of the Group for the half year ended 31 December 2017 (Report).

### Directors

The names and particulars of the directors of the Company in office during the half year and until the date of this report are as follows.

Directors were in office for the entire period unless otherwise stated.



#### Mr Raymond Blight

Executive Chairman and Chief Executive Officer  
Appointed 22 February 2016  
B Tech, B EC, MBM, FIE (AUST), FAICD

Ray is the co-founder, Chairman and Chief Executive Officer of Alcidion. He brings a wealth of public and private sector healthcare experience and knowledge to Alcidion including the role of the Chief Executive Officer and Chairman of the South Australian Health Commission from 1994 – 1998 and Chair of the Australian Health Ministers' Advisory Council.

Ray's qualifications include the awards of Bachelor of Technology (Electronics), Bachelor of Economics and Masters of Business Management from the University of Adelaide. He is a fellow of the Institution of Engineers and the Australian Institute of Company Directors.

Ray currently chairs the University of SA Information Technology and Mathematical Sciences Advisory Board.



#### Professor Malcolm Pradhan

Executive Director  
Appointed 22 February 2016  
MBBS, PhD, FACHI

With over 20 years of experience in Medical Informatics, Malcolm Pradhan is one of the world's leading minds in Clinical Decision Support. Prior to co-founding Alcidion in 2000, Malcolm was the Associate Dean of IT and Director of Medical Informatics, University of Adelaide. During his time at the University of Adelaide, Malcolm provided thought leadership and conducted research into applications of clinical decision support, and into optimum uses of a variety of statistical and probabilistic methods for applying clinical decision support. He also was active in the Australian health informatics community, as a founding fellow of the Australasian College of Health Informatics (ACHI).

In 2009 Malcolm was awarded the title of Adjunct Professor at the University of South Australia, and performs a leadership role within UniSA's academic organisation – as an educator and a researcher.

Malcolm's broad knowledge and vision of the path to a high-performance healthcare system are complemented by formal qualifications of an MBBS from University of Adelaide, and a PhD in Medical Informatics from Stanford University.

**Mr Nick Dignam**

Non-Executive Director  
Appointed 22 February 2016  
B.Com, LLB, MAppFin

Nick Dignam is an Investment Director at Blue Sky Private Equity and is responsible for originating new investment opportunities, working with portfolio companies to deliver growth and managing exit processes. Nick has more than ten years' experience working in private equity and corporate finance roles. In addition to serving as a Director of Alcidion, Nick is also currently a Non-Executive Director representing Blue Sky on the Boards of HPS, the largest outsourced hospital pharmacy services business in Australia; Wild Breads, a leading producer of artisan breads; and GM Hotels, a portfolio of ten hotels in South Australia.

Nick holds a Bachelor of Commerce and a Bachelor of Laws from the University of Queensland, and a Masters of Applied Finance from Queensland University of Technology.

**Mr Geoff Rohrsheim**

Non-Executive Director  
Appointed 1 August 2017  
B.E (Hons), Assoc.Dip Comp Apps, MEngSc, GAICD

Geoff is a former EY Entrepreneur of the Year winner for the southern region and has had 3 start-ups appear in the BRW Fast 100. His latest venture, Kloud Solutions grew rapidly in 5 years to have over 170 staff with offices in Melbourne, Sydney, Adelaide, Brisbane and Manila. Kloud was ranked by BRW as the fastest growing company in Australia in 2014. Kloud was sold to Telstra in Feb 2016.

Geoff is a non-executive director of RAA, RAA Insurance and Business SA. He is a member of the Australia Post Stakeholder Council and an advisory board member of Rivergum Homes, SOMARK Innovations and Joust. Geoff founded Strategic Data Management (SDM) and was Managing Director until it was acquired in 2008.

**Ms Rebecca Wilson**

Non-Executive Director  
Appointed 1 August 2017

Rebecca has dedicated the last 20 years to working within the health and life science sectors providing advice on stakeholder communications, issues management, investor and corporate relations, and business strategy to private and public companies, research institutes, governments, and asset managers.

Her role as a trusted adviser has led naturally to involvement in some of Australia's key corporate and business issues across a range of sectors including aviation and transportation, healthcare, aged care, education, recreation, property, and retail. Rebecca is CEO and Executive Director of consulting firm WE Buchan, NED of Outcomes Australia, and Advisory Board member of Gillian Fox Leadership.

## Executives



### Mr Duncan Craig

Chief Financial Officer & Company Secretary  
From 29 February 2016

In 1995 Mr Craig gained full membership to the accounting body that is now the Institute of Public Accountants. Duncan has tertiary qualifications in Accounting, Financial Markets and Economics (major in Economic Development and minor in Econometrics).

Mr Craig fulfilled the role of Chief Financial Officer for the consolidated Group from the date the Company completed the legal acquisition of Alcidion Corporation Pty Ltd; being 29 February 2016. In November 2016 Mr Craig also took over the role of Company Secretary.

## Review of operations

During the interim period ended 31 December 2017, Alcidion announced that it had entered into a definitive agreement to acquire Oncall Systems Limited, a leader in advanced clinical messaging and mobile task management systems for hospitals and allied healthcare. Oncall Systems has designed Smartpage, a clinical communications suite that is comprised of three software modules for Clinical, Orderly and Emergency messaging and tasking and is delivered via the cloud. Alcidion can successfully bolt-on complementary technologies such as Smartpage to its core Miya platform.

Prior to this, Alcidion announced in October 2017 that the Company were successful in tendering for a three-year supply contract to Monash Health in respect of the integrated Miya Smartpage solution (with an option to extend by a further two years). At this time, Alcidion supplied the Smartpage solution via a reseller agreement. The Monash contract has a total value of in excess of \$500,000 if the contract is extended to the full five year term.

Additionally during the period, an Alcidion led consortium of health sector organisations was awarded a \$340,000 grant from the MedTech and Pharma Growth Sector (MTP Connect), to be used by members of the consortium to advance technologies designed specifically to minimise the need for hospital admissions. This grant is expected to result in Alcidion receiving approximately \$170,000 in net funding.

Alcidion also continued to invest in its core Miya technology and the development of its predictive analytics platform. The predictive analytics platform is a revolutionary new concept in decision intelligence in the healthcare sector, and Alcidion believes will be a key point of differentiation in the market.

## Financial Review

### Operating Results

Alcidion Group Limited (the Group) delivered an interim period FY18 loss before tax of \$1,062,258 (2016: loss \$1,559,658). This figure includes:

- a) Expensed Research & Development Costs of \$1.034m

The Group has incurred a net loss after tax for the period ended 31 December 2017 of \$1,054,335 (2016: \$1,555,004 loss), and a net cash outflow from operations of \$676,938 (2016: inflow of \$84,313).

### Financial Position

At 31 December 2017, the Group has net current assets of \$4,190,524 (30 June 2017: \$5,268,080 net current assets) and net equity of \$4,368,224 (30 June 2017: \$5,422,559).

Net Cash at Bank at the end of the period was \$4,632,554 with minimal debt.

### Summary of Financial Information as at 31 December

|                                                     | Group<br>31 December<br>2017 | Group<br>31 December<br>2016 |
|-----------------------------------------------------|------------------------------|------------------------------|
| Cash and cash equivalents (\$)                      | 4,632,554                    | 5,724,566                    |
| Net assets/equity                                   | 4,368,224                    | 5,703,535                    |
| Loss from ordinary activities after income tax (\$) | (1,054,335)                  | (1,555,004)                  |
| No of issued shares                                 | 607,779,957                  | 602,779,957                  |
| Share price (\$)                                    | 0.049                        | 0.087                        |
| Market capitalisation (Undiluted) (\$)              | 29,781,218                   | 52,441,856                   |

## Significant Changes in State of Affairs

Other than those disclosed in this interim report no significant changes in the state of affairs of the Group occurred during the interim period.

## Significant Events after the Balance Date

Alcidion announced on 6 December 2017 that it had entered into a definitive agreement to acquire Oncall Systems Limited. Oncall System have designed Smartpage, a clinical communications suite that is comprised of three software modules for Clinical, Orderly and Emergency messaging and tasking and is delivered via the cloud. The initial consideration for this acquisition will be NZ\$750,000 plus possible performance milestones payable 18 months after acquisition. Completion of the Oncall acquisition and payment of the initial cash consideration will occur in the quarter ending 31 March 2018.

Alcidion had previously entered into a re-seller agreement with Oncall Systems in May 2017

## Likely Developments and Expected Results

Alcidion announced the completion of the acquisition on Oncall Systems Ltd on 2 February 2018. The acquisition of Oncall Systems offers significant growth potential for Alcidion and enhances the Company's market presence in both the Australian and New Zealand markets. An integrated Miya Smartpage product offering is expected to offer additional market opportunities for Alcidion.

## Dividends

No dividends were paid or declared during the half year and no recommendation for payment of dividends has been made.

## Auditors Independence Declaration

The lead auditor's independence declaration under s.307C of the Corporations Act 2001 is set out on page 15 for the half year ended 31 December 2017

## Auditor's Independence Declaration



### **AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ALCIDION GROUP LIMITED**

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2017 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

**William Buck**  
ABN: 38 280 203 274



**M.D. King**  
Partner

Dated this 27<sup>th</sup> day of February, 2018.

William Buck is an association of independent firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.

15



## Directors' Declaration

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the attached interim financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 as disclosed in Note 2 and giving a true and fair view of the financial position and performance of the Group for the half year ended on that date;

Signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5)(a) of the Corporations Act 2001.

For, and on behalf of, the Board of the Company,



Ray Blight

Executive Chairman and Chief Executive Officer

Adelaide South Australia this 27 February 2018

# Independent Auditor's Review Report



## Alcidion Group Limited

### Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Alcidion Group Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 19 to 27, which comprises the consolidated condensed statement of financial position as at 31 December 2017, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alcidion Group Limited on pages 19 to 27 is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Responsibilities of the Directors' for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### CHARTERED ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square  
Adelaide SA 5000  
GPO Box 11050  
Adelaide SA 5001  
Telephone: +61 8 8409 4333  
[williambuck.com](http://williambuck.com)



As the auditor of Alcidion Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



**William Buck**  
ABN: 38 280 203 274



**M.D. King**  
Partner

Dated this 27<sup>th</sup> day of February, 2018.

## Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2017

|                                                                                             | Note | CONSOLIDATED<br>31 December 2017<br>\$ | CONSOLIDATED<br>31 December 2016<br>\$ |
|---------------------------------------------------------------------------------------------|------|----------------------------------------|----------------------------------------|
| Revenue                                                                                     |      | 1,253,011                              | 1,235,287                              |
| Provision for Research and Development Rebate                                               |      | 450,000                                | 541,847                                |
| Cost of sale of goods                                                                       |      | (630,893)                              | (648,268)                              |
| Gross Profit                                                                                |      | 1,072,118                              | 1,128,866                              |
| Other Revenue                                                                               |      | 42,379                                 | 48,929                                 |
| Depreciation and amortisation expense                                                       |      | (17,590)                               | (21,452)                               |
| Directors and employee benefits expense                                                     |      | (1,134,725)                            | (1,874,711)                            |
| Finance costs                                                                               |      | (356)                                  | (65)                                   |
| Marketing expense                                                                           |      | (238,211)                              | (172,534)                              |
| Operations and administration expense                                                       |      | (726,942)                              | (607,828)                              |
| Other expenses                                                                              |      | (58,931)                               | (60,863)                               |
| <b>Loss before income tax expense</b>                                                       |      | <b>(1,062,258)</b>                     | <b>(1,559,658)</b>                     |
| Income tax benefit                                                                          |      | 7,923                                  | 4,654                                  |
| <b>Loss after tax attributable to the owners of the Company</b>                             |      | <b>(1,054,335)</b>                     | <b>(1,555,004)</b>                     |
| <b>Other comprehensive income/(loss) net of tax</b>                                         |      |                                        |                                        |
| Items that may be reclassified to profit or loss                                            |      | -                                      | -                                      |
| Items that will not reclassified to profit or loss                                          |      | -                                      | -                                      |
| <b>Total comprehensive loss for the half year attributable to the owners of the Company</b> |      | <b>(1,054,335)</b>                     | <b>(1,555,004)</b>                     |
| <b>(Loss) Per Share</b>                                                                     |      |                                        |                                        |
| Basic and diluted loss per share (cents)                                                    | 6    | (0.17)                                 | (0.26)                                 |

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 half year report.

## Statement of Financial Position

as at 31 December 2017

|                                      | CONSOLIDATED<br>31 December 2017<br>\$ | CONSOLIDATED<br>30 June 2017<br>\$ |
|--------------------------------------|----------------------------------------|------------------------------------|
| <b>Current assets</b>                |                                        |                                    |
| Cash and cash equivalents            | 4,632,554                              | 5,331,263                          |
| Trade and other receivables          | 972,787                                | 1,238,613                          |
| Other assets                         | 27,644                                 | 73,536                             |
| <b>Total current assets</b>          | <b>5,632,985</b>                       | <b>6,643,412</b>                   |
| <b>Non-current assets</b>            |                                        |                                    |
| Plant and equipment                  | 118,746                                | 97,812                             |
| Deferred tax assets                  | 87,115                                 | 74,437                             |
| Intangible assets                    | 4,074                                  | 4,367                              |
| Other                                | 11,263                                 | 11,263                             |
| <b>Total non-current assets</b>      | <b>221,198</b>                         | <b>187,879</b>                     |
| <b>Total assets</b>                  | <b>5,854,183</b>                       | <b>6,831,291</b>                   |
| <b>Liabilities</b>                   |                                        |                                    |
| <b>Current liabilities</b>           |                                        |                                    |
| Trade and other payables             | 345,826                                | 399,068                            |
| Employee provisions                  | 230,062                                | 163,310                            |
| Other                                | 866,573                                | 812,954                            |
| <b>Total current liabilities</b>     | <b>1,442,461</b>                       | <b>1,375,332</b>                   |
| <b>Non-current liabilities</b>       |                                        |                                    |
| Employee Provisions                  | 43,498                                 | 33,400                             |
| <b>Total non-current liabilities</b> | <b>43,498</b>                          | <b>33,400</b>                      |
| <b>Total liabilities</b>             | <b>1,485,959</b>                       | <b>1,408,732</b>                   |
| <b>Net assets</b>                    | <b>4,368,224</b>                       | <b>5,422,559</b>                   |
| <b>Equity</b>                        |                                        |                                    |
| Issued capital                       | 10,793,683                             | 10,793,683                         |
| Reserves                             | 684,000                                | 684,000                            |
| Accumulated losses                   | (7,109,459)                            | (6,055,124)                        |
| <b>Total equity</b>                  | <b>4,368,224</b>                       | <b>5,422,559</b>                   |

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

## Statement of Changes in Equity

for the half year ended 31 December 2017

|                                                | Issued capital    | Reserves       | Accumulated losses | Total equity     |
|------------------------------------------------|-------------------|----------------|--------------------|------------------|
|                                                | \$                | \$             | \$                 | \$               |
| <b>CONSOLIDATED</b>                            |                   |                |                    |                  |
| Balance at 1 July 2016                         | 10,568,683        | -              | (3,994,144)        | 6,574,539        |
| Loss for the period                            | -                 | -              | (1,555,004)        | (1,555,004)      |
| Other comprehensive income, net of income tax  | -                 | -              | -                  | -                |
| <b>Total comprehensive loss for the period</b> | -                 | -              | (1,555,004)        | (1,555,004)      |
| Shares issued during the period                | -                 | -              | -                  | -                |
| Options issued during the period               | -                 | 684,000        | -                  | 684,000          |
| <b>Balance as at 31 December 2016</b>          | <b>10,568,683</b> | <b>684,000</b> | <b>(5,549,148)</b> | <b>5,703,535</b> |
| <b>CONSOLIDATED</b>                            |                   |                |                    |                  |
| Balance as at 1 July 2017                      | 10,793,683        | 684,000        | (6,055,124)        | 5,422,559        |
| Loss for the period                            | -                 | -              | (1,054,335)        | (1,054,335)      |
| Other comprehensive income, net of income tax  | -                 | -              | -                  | -                |
| <b>Total comprehensive loss for the period</b> | -                 | -              | (1,054,335)        | (1,054,335)      |
| Shares issued during the period                | -                 | -              | -                  | -                |
| Options issued during the period               | -                 | -              | -                  | -                |
| <b>Balance as at 31 December 2017</b>          | <b>10,793,683</b> | <b>684,000</b> | <b>(7,109,459)</b> | <b>4,368,224</b> |

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the half year report.

## Statement of Cash Flows

for the half year ended 31 December 2017

|                                                              | CONSOLIDATED<br>31 December 2017<br>\$ | CONSOLIDATED<br>31 December 2016<br>\$ |
|--------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Cash flows from operating activities</b>                  |                                        |                                        |
| Receipts from customers & R&D Rebate received                | 2,066,711                              | 2,838,295                              |
| Payments to suppliers and employees                          | (2,785,672)                            | (2,802,646)                            |
| Interest received                                            | 42,379                                 | 48,729                                 |
| Finance costs                                                | (356)                                  | (65)                                   |
| <b>Net cash inflows/(outflow) from operating activities</b>  | <b>(676,938)</b>                       | <b>84,313</b>                          |
| <b>Cash flows from investing activities</b>                  |                                        |                                        |
| Payments for plant and equipment                             | (21,771)                               | -                                      |
| <b>Net cash inflows/(outflow) from investing activities</b>  | <b>(21,771)</b>                        | <b>-</b>                               |
| <b>Cash flows from financing activities</b>                  |                                        |                                        |
| Repayments of borrowings                                     | -                                      | (5,104)                                |
| <b>Net cash inflows/(outflows) from financing activities</b> | <b>-</b>                               | <b>(5,104)</b>                         |
| Net increase/(decrease) in cash and cash equivalents         | (698,709)                              | 79,209                                 |
| Cash and cash equivalents at the beginning of the period     | 5,331,263                              | 5,645,357                              |
| <b>Cash and cash equivalents at the end of the period</b>    | <b>4,632,554</b>                       | <b>5,724,566</b>                       |

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the half year report.

## Notes to the Financial Statements

for the half year ended 31 December 2017

### 1 General information

Alcidion Group Limited (the Company) is a public company incorporated and domiciled in Australia. The core of Alcidion's business model is to create and commercialise 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 Australia and New Zealand.

### 2 Statement of significant accounting policies

These consolidated financial statements are general purpose interim financial statements which have been prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The financial statements were authorised for issue by the directors on 27 February 2018.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half year.

#### 2.1 Basis of preparation

The financial statements comprise the consolidated financial statements of the Group which comprises the Company and its legal subsidiary (Alcidion Corporation Pty Ltd.). For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent financial statements.

The condensed interim financial consolidated financial statements of the Group are for the six months ended 31 December 2017 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of Alcidion Group for the period ended 30 June 2017 and the detailed accounting policies in Note 2 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

### 3 Share-based payments: Share options and Contingent Share Rights

Each option issued under the arrangement converts into one ordinary share of Alcidion Group Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Vesting dates and conditions are dependent on each arrangement as agreed to by the directors.

The number of options granted is at the sole discretion of the directors.

Incentive options issued to directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

## Options

|                                   | Consolidated 31 December 2017 |                                    | Consolidated 30 June 2017 |                                    |
|-----------------------------------|-------------------------------|------------------------------------|---------------------------|------------------------------------|
|                                   | \$                            |                                    | \$                        |                                    |
|                                   | Number of options             | Weighted average exercise price \$ | Number of options         | Weighted average exercise price \$ |
| Balance at beginning of period    | 10,500,000                    | 0.07                               | 5,500,000                 | 0.28                               |
| Granted during the period         | -                             | -                                  | 15,000,000                | 0.062                              |
| Exercised during the period       | -                             | -                                  | (5,000,000)               | 0.045                              |
| Options expired during the period | (500,000)                     | 0.075                              | (5,000,000)               | 0.28                               |
| Balance at end of the period      | 10,000,000                    |                                    | 10,500,000                | -                                  |
| Exercisable at end of period      | 10,000,000                    |                                    | 10,500,000                | -                                  |

| Date options issued                                            | Expiry Date  | Exercise price (cents) | Number of options |
|----------------------------------------------------------------|--------------|------------------------|-------------------|
| 29 November 2016 (i)                                           | 30 June 2020 | 6                      | 5,000,000         |
| 29 November 2016 (ii)                                          | 30 June 2020 | 8                      | 5,000,000         |
| Total number of options outstanding at the date of this report |              |                        | 10,000,000        |

(i) These options are exercisable once the FY17 results are published in the Alcidion Annual Report.

(ii) These options are exercisable once the FY18 results are published in the Alcidion Annual Report.

The weighted average exercise price of these options is \$0.07 & weighted average exercise period is 2.5 years.

## Contingent Share Rights

|                                               | Class A Contingent<br>Shares Rights (1)<br>Number of Rights (3)<br>(4) | Class B Contingent<br>Shares Rights (2)<br>Number of Rights (3)<br>(4) |
|-----------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Balance at beginning of period 1 January 2017 | 145,161,290                                                            | 148,387,096                                                            |
| Granted during the financial period           | -                                                                      | -                                                                      |
| Consideration issued                          | -                                                                      | -                                                                      |
| Balance at the end of the period 30 June 2017 | 145,161,290                                                            | 148,387,096                                                            |
| Balance at beginning of period 1 July 2017    | 145,161,290                                                            | 148,387,096                                                            |
| Granted during the financial year             | -                                                                      | -                                                                      |
| Consideration issued                          | -                                                                      | -                                                                      |
| Balance at end of the period 31 December 2017 | 145,161,290                                                            | 148,387,096                                                            |

- (1) Each Class A Contingent shares right will be converted to one fully paid ordinary share on Alcidion Group achieving \$10,000,000 in revenue (audited) over 12 consecutive months within 24 months from the 29<sup>th</sup> February 2016 (re-admission of Alcidion Group to the ASX)
- (2) Each Class B Contingent shares right will be converted to one fully paid ordinary shares on Alcidion Group achieving \$15,000,000 in revenue (audited) over 12 consecutive months within 36 months from the 29<sup>th</sup> February 2016 (re-admission of Alcidion Group to the ASX)
- (3) Holder of Class A & B contingent rights will have no right to vote at Company's General Meeting.
- (4) No Value has been attributed to Class A & B Contingent Share Rights since in the opinion of the directors there is very low probability of achieving the vesting targets

## 4 Equity

### (a) Issued capital

|                                                               | Consolidated<br>31 December 2017<br>\$ | Consolidated<br>30 June 2017<br>\$ |
|---------------------------------------------------------------|----------------------------------------|------------------------------------|
| 607,779,957 fully paid ordinary shares<br>(2017: 607,779,957) | 10,793,683                             | 10,793,683                         |
|                                                               | 10,793,683                             | 10,793,683                         |

|                                 | Consolidated<br>31 December 2017 |            | Consolidated<br>30 June 2017 |            |
|---------------------------------|----------------------------------|------------|------------------------------|------------|
|                                 | No.                              | \$         | No.                          | \$         |
| Balance at 1 July               | 607,779,957                      | 10,793,683 | 607,779,957                  | 10,793,683 |
| Shares issued during the period | -                                | -          | -                            | -          |
| Shares issued in Capital Raise  | -                                | -          | -                            | -          |
| Balance at 31 December          | 607,779,957                      | 10,793,683 | 607,779,957                  | 10,793,683 |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

## 5 Dividends

There were no dividends paid or proposed during the period.

## 6 Loss per share

|                                                                                                                 | Consolidated 2017<br>Cents per share | Consolidated 2016<br>Cents per share |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Basic (loss) per share (cents)                                                                                  | (0.17)                               | (0.26)                               |
|                                                                                                                 | Consolidated<br>2017<br>\$           | Consolidated<br>2016<br>\$           |
| Basic earnings per share                                                                                        |                                      |                                      |
| The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share |                                      |                                      |
| Loss after tax                                                                                                  | (1,054,335)                          | (1,555,004)                          |
|                                                                                                                 | 2017<br>No.                          | 2016<br>No.                          |
| Weighted average number of ordinary shares for the purposes of basic earnings per share                         | 607,779,957                          | 607,779,957                          |

The rights of options held by option holders and the Contingent Share Rights have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share".

## 7 Commitments

The Group has entered into an operating lease for the office premise at 40 Greenhill Road, Wayville SA 5034. The term of the lease is for 2 years and the Group has the right to renew the lease for a further 6 months.

Future minimum payments under this non-cancellable operating lease as at year end are:

|                            | Consolidated 2017<br>\$ | Consolidated 2016<br>\$ |
|----------------------------|-------------------------|-------------------------|
| Within one year            | 101,500                 | 67,644                  |
| Between one and five years | 33,833                  | -                       |
|                            | 135,333                 | 67,644                  |

As at 31 December 2017 the Group has no other commitments (2016: nil)

## 8 Contingencies

In the opinion of the Directors, the Group did not have any contingent liabilities or contingent assets as at 31 December 2017 (2016: nil).

The Group has provided security as follows; first registered Group charge by Alcidion Corporation over the whole of its assets and undertakings including uncalled capital.

Variation to the security; guarantee limited to \$210,000 by Mr Raymond Blight and Guarantee limited to \$210,000 by Professor Malcolm Pradhan. This security is against the facilities with CBA.

## 9 Segment reporting

The Group operates predominantly in the health informatics industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the provision of health informatics software in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

## 10 Subsequent events

Alcidion announced on 6 December 2017 that it had entered into a definitive agreement to acquire Oncall Systems Limited. Oncall System have designed Smartpage, a clinical communications suite that is comprised of three software modules for Clinical, Orderly and Emergency messaging and tasking and is delivered via the cloud. The initial consideration for this acquisition will be NZ\$750,000 plus possible performance milestones payable 18 months after acquisition. Completion of the Oncall acquisition and payment of the initial cash consideration will occur in the quarter ending 31 March 2018.

No other matter or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

## Additional Shareholders' Information

Alcidion Group Limited's issued capital is as follows:

### Ordinary Fully Paid Shares

At the date of this report there are the following number of Ordinary fully paid shares

|                                                                                | Number of shares |
|--------------------------------------------------------------------------------|------------------|
| Balance at the beginning of the year                                           | 607,779,957      |
| Movements of share options during the half year and to the date of this report | -                |
| Total number of shares at the date of this report                              | 607,779,957      |

### Shares Under Option

At the date of this report there are 10,000,000 unissued ordinary shares in respect of which options are outstanding.

|                                                                             | Number of options |
|-----------------------------------------------------------------------------|-------------------|
| Balance at the beginning of the period                                      |                   |
| Unlisted options                                                            | 10,000,000        |
| Listed options                                                              | -                 |
|                                                                             | 10,000,000        |
| Movements of share options during the period and to the date of this report | -                 |
| Total number of options outstanding at the date of this report              | 10,000,000        |

The balance is comprised of the following:

| Date options issued | Expiry date  | Exercise price (cents) | Listed/Unlisted | Number of options |
|---------------------|--------------|------------------------|-----------------|-------------------|
| 29 November 2016    | 30 June 2020 | 6                      | Unlisted        | 5,000,000         |
| 29 November 2016    | 30 June 2020 | 8                      | Unlisted        | 5,000,000         |

No person entitled to exercise any option referred to above has had, by virtue of the option, a right to participate in any share issue of any other body corporate.

## 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](http://www.alcidion.com) or call us at 1800 767 873.



**ALCIDION**

[www.alcidion.com](http://www.alcidion.com)  
[sales@alcidion.com](mailto:sales@alcidion.com)  
1800 767 873

2/40 Greenhill Road  
Wayville SA 5034  
AUSTRALIA

## Appendix 4D

### Half Year Report

|                 |                               |
|-----------------|-------------------------------|
| Name of entity: | <b>ALCIDION GROUP LIMITED</b> |
| ABN:            | <b>77 143 142 410</b>         |

Half year ended

Half year ended

('current period')

('previous corresponding period')

|                  |                  |
|------------------|------------------|
| 31 December 2017 | 31 December 2016 |
|------------------|------------------|

#### Results for announcement to the market

\$m

|                                                                                         |      |         |    |       |
|-----------------------------------------------------------------------------------------|------|---------|----|-------|
| Consolidated revenue from operations                                                    | down | (4.2)%  | to | 1.703 |
| Loss after tax attributable to shareholders                                             | down | (32.2)% | to | 1.054 |
| Net Loss for the period attributable to shareholders before individually material items | down | (32.1)% | to | 1.054 |

|                                                         | 31 December 2017 | 30 June 2017   |
|---------------------------------------------------------|------------------|----------------|
| <b>Net tangible asset backing per ordinary security</b> | Cents<br>0.007   | Cents<br>0.009 |

No Dividends reported or payable in either period.