

5 October 2017

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

Alcidion reports positive cashflow for Q1 FY18

Adelaide, South Australia, 5 October 2017 - Alcidion Group Limited (ASX: **ALC**) is pleased to provide a summary of its progress over the quarter ending 30 September 2017 and report on its cashflow over the same period.

The Company enjoyed an excellent start to the financial year, reporting an increase of \$147,000 in cash during the quarter, seeing the Company holding a total of \$5.678m. Additionally, the Company invested \$600,000 into developing a predictive analytics and performance metrics platform that will be integrated into the Miya platform.

Monash Health

On the 30 August 2017, the Company announced it had secured preferred vendor status with Monash Health for a mobile task management solution. Alcidion is pleased to advise that the preferred vendor status has progressed to a \$500,665¹ purchase order to deploy Miya Smartpage across six of the 40 Monash Health sites.

Monash Health is a large public hospital network servicing the population of the southern Melbourne metropolitan area with two large public hospital facilities (Monash Medical Centre and Monash Children's) on the Clayton campus and a further four significant facilities comprising hospitals at Moorabbin, Dandenong, Casey (Berwick) and Kingston (Cheltenham).

We believe that this represents a pivotal step in commercialising the Miya Smartpage platform as Clinical Communications & Collaboration is a critical driver for efficiency within the healthcare sector. The rapid adoption of Smartphones systemically across health is driving an unprecedented level of demand mobile solutions. Alcidion is delighted to have the "first mover" advantage within this space and is actively pursuing multiple opportunities in Australia and New Zealand.

Alcidion's Miya Smartpage solution will provide Monash Health with out of hours clinical task management that delivers two-way instant communications between clinical staff to increase productivity and improve patient care. With a full audit trail including read receipts between individual and groups, and the integration of clinical summaries and patient data, clinical staff

¹ The initial contract value is \$389,995, With Monash holding an option to extend the contract by an additional \$110,670.

will have instant access to the information they need, when they need it, to make the right decision for a patient's wellbeing.

As patients can deteriorate at any time of the day, this solution ensures clinical staff can identify and attend to the patient most at risk during the night when staff levels are reduced but patient occupancy remains the same as peak operating hours.

Alcidion expects to deploy the platform during FY18 Q2 and as such no revenues has been recorded in the current quarter.

Calvary Health Care

On the 7 March 2017, The Company entered into a collaboration agreement with Calvary Health Care and is working to deploying an initial beta site at the Calvary Wakefield Hospital in Adelaide in FY18 Q2.

Calvary Health Care operates 15 Public and Private Hospitals in ACT, NSW, SA, TAS and VIC. In September 2016, Dr Robin Mann was appointed as the National Chief of Innovation and leads the development and implementation of Calvary's innovation strategy. In close collaboration with the National Leadership Team, he leads Calvary's business and service development transformation to progress Calvary's vision for integrated care using innovation and technology.

We are delighted that Calvary Health Care commissioned Alcidion to develop a Data Lake as the first stage of what we hope to be a long-term relationship with a leading private hospital group.

Dr Mann and Professor Pradhan will be co-hosting a breakfast function at HiNZ in New Zealand on November 1st and 2nd 2017, showcasing how Alcidion's Predictive Analytics can optimise resources and improve patient safety through features such as Adaptive User Interfaces and configurable Specialty Dashboards.

Mid Central District Health Board Update

On 25 May 2017 the Company achieved a crucial milestone in the commercialisation of its technology into the New Zealand market, securing a \$NZD1.60m contract with the MidCentral District Health Board in New Zealand.

The mobile EMR solution provides access to clinical information such as pathology and radiology results as well as access to clinical documentation. Furthermore, the platform identifies emerging clinical risk and highlights "at risk" patients to the clinicians.

Electronic Patient Journey Boards will be deployed in over 20 ward and clinical service locations, with service specific configurations for the Emergency Department, Medical Access and Planning Unit, Maternity, Children's, Mental Health, Medical and Surgical Units.

The platform will be available across over 130 Apple iPads and 75 large format digital displays that will be deployed in every ward and clinical service area thus saving clinicians and care team members valuable time in their patient care interactions.

As our luminary site in New Zealand, Alcidion secured this project against global competitors and once this platform is fully deployed and operational, the Company will turn its attention to showcasing the platform to the balance of the 19 District Health Boards in New Zealand.

During FY18 Q1, Alcidion completed the Implementation Planning Study (IPS) for Mid Central and generated revenues of \$43,300, with the majority of the revenues associated with this project intended to be generated in FY18 Q3.

Strengthening the Board of Directors

On 31 July 2017 The Company announced the appointment of two Non-Executive Directors, strengthening the constitution of the board. Mr Geoff Rohrsheim is a software, services and technology entrepreneur, and Ms Rebecca Wilson, a highly experienced investor relations and corporate advisor with two decades' experience in the healthcare industry.

Mr Rohrsheim is a former EY Entrepreneur of the Year winner and has founded three start-ups that have featured in the BRW Fast 100. His latest venture, Kloud Solutions grew rapidly in five years to have more than 170 staff. Kloud was sold to Telstra in Feb 2016. Geoff shares his executive time across his own co-founded startups being Hatch Creations, Chamonix IT Consulting, Cevo and Expose Data.

Ms Wilson is the CEO and Executive Director of consulting firm WE Buchan. She has played an integral role in fostering the intersection of science, technology and innovation with the investment community and has lead the investor relations for more than 35 health-related companies through IPO. She has a strong network of investors in Australia, South East Asia and the US and has served as an advocate for the Australian MedTech sector in international markets.

M&A Strategy

Alcidion has been actively pursuing a number of acquisitions within the Health IT Sector to compliment and rapidly accelerate our commercialisation strategy. Over the past six months, Alcidion has evaluated four potential acquisitions.

Research & Development

It is well established that the demand for health care resources will dramatically increase over the next 35 years as the number of elderly people increase, because we all acquire more chronic health conditions as we age. Alcidion believes that smart health IT technology is vital to helping people manage their chronic conditions in the community with potentially continuous engagement with health care systems. We believe that smart algorithms will play

a pivotal role in monitoring health care data and advising people on how to manage their chronic conditions. More immediately, hospitals collect data but aren't able to effectively use it in real-time using CDS and analytics. R&D efforts have concentrated on making the Miya Platform the premier standards-based, cloud deployable clinical decision support platform.

During FY17, The Company invested \$2.22m in Product Research & Development, principally focussed on the development of predictive analytics, real-time performance metrics, Clinical Decision Support (CDS), and the ability for the Miya Platform to be a standards-based, enterprise platform for analytics and decision support.

The predictive analytics platform is revolutionary new concept in healthcare IT and is at the epicentre of AI, Deep Learning and Medical Informatics. The Miya Platform seeks to capitalise on the opportunity for cloud based analytics and **decision support** for healthcare providers.

Over recent years, the deployments of monolithic Electronics Medical Records (EMR) Systems have failed to yield substantial productivity gains and in some instances, resulted in substantial decreases in productivity – in stark contrast to the objectives of streamlining productivity.

A significant component of the poor outcomes of the EMR vendors, is the sheer volume of data that is generated through these systems. The core of Alcidion's Miya Platform is the ability to use data to improve patient safety and clinical productivity. It consolidates data from different sources, and uses CDS algorithms to detect clinical risk, inefficiency and assists clinicians in implementing best practice. Alcidion's R&D effort includes the extension of CDS technology with AI-based algorithms using machine learning (deep learning), and other methods, to predict safety problems, determine patient complexity in real-time, and to highlight logistical problems (such as warning when hospitals are at risk of bed block). This powerful predictive analytics capability enables healthcare organisation to make patients safe during their care, and to plan and prioritise resources, rather than simply react to crises.

An example of the analytics capability of the software platform is showcased below:



Alcidion has been working with a leading Private Hospital organisation on using data-driven approaches to determine patient complexity and detect emerging patient conditions during their care, so issues can be raised with clinical staff in real-time. Alcidion is working with private hospitals and visiting specialists provide a mobile solution that allows them to quickly understand the state of their patients, and to quickly activate best practice care.

By better understanding patient complexity the private hospitals can manage their patients better, and ensure that this is reflected in their reimbursements, which currently underestimate the true complexity of patients under their care, and therefore result in lost revenue.

- Alcidion has developed CDS and AI-driven algorithms to detect patient complexity from various data sources, including free text notes.
- Alcidion have prototyped a mobile-app that customises the views for different specialties to highlight the relevant data for each clinician, and for doctors to confirm and manage clinical complexities.
- Numerous private hospital groups have expressed interest in this innovative approach to improve patient safety, clinical productivity and revenue.



Financial and Corporate Update

Alcidion Group Limited is delighted to release its cashflow statement for FY18 Q1, reflecting an increase of \$147,000, with \$5.678m in cash and cash equivalents. In relation to the cash position as at 30 September 2017, the Company provides the following commentary:

1. The Company's quarterly cash and cash equivalents increased from \$5.531m to \$5.678m, reflecting an increase of \$147,000.
2. The Company maintains a strong balance sheet, with \$5.678m in cash and cash equivalents, minimal current liabilities and no non-current liabilities.
3. The Company invested approximately \$600,000 in Research & Development in Q1.

Commercialisation Strategy

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.

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:

1. 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.
2. 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.
3. 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.

Yours faithfully,



Raymond Blight
Chief Executive Officer & Chairman

ENDS

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About Alcidion

Alcidion Group Limited (ASX: **ALC**) is a publicly listed, innovative health informatics company that specializes in clinical products that improve productivity, safety and efficiency. 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, Data Integration Capability, Smartforms, Terminology Support and Standards Based Web Services.

Alcidion's focus is on delivering solutions that enable high performance healthcare and which assist clinicians by minimising key clinical risks, tracking patient progress through journeys and improving quality and safety of patient care.

www.alcidion.com

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ALCIDION GROUP LIMITED

ABN

77 143 142 410

Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Curent quarter (September 2017) \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,539	1,539
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(100)	(100)
(d) leased assets	-	-
(e) staff costs	(908)	(908)
(f) administration and corporate costs	(409)	(409)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	25
1.5 Interest and other costs of finance paid	(0)	(0)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	147	147

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Curent quarter (September 2017) \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,531	5,531
4.2	Net cash from / (used in) operating activities (item 1.9 above)	147	147
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Curent quarter (September 2017) \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,678	5,678

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Curent quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,419	295
5.2	Call deposits	4,259	5,036
5.3	Bank overdrafts	200	200
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,678	5,531

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(200)

-

Director's wages, superannuation and reimbursements

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	200	-
8.2 Credit standby arrangements	405	35
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities is an overdraft of \$200,000 provided by CBA at 9.31% secured over assets.

Credit standby arrangements:

- Corporate MasterCard credit cards of \$10,000 provided by CBA at 14.55% secured over assets.
- Pre-approved Equipment loan facility of \$250,000 provided by CBA, interest rate is determined at time of each Equipment loan, secured over assets.
- Corporate Amex credit cards of \$145,000 provided by American Express, interest rate 15%

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(95)
9.4 Leased assets	-
9.5 Staff costs	(920)
9.6 Administration and corporate costs	(400)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,415)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: ...5th October 2017.....

Print name:Duncan Robert Craig.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.