

28 February 2017

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

Appendix 4D Alcidion Half Year Report for FY17

Dear Sirs,

Alcidion Group Limited is delighted to present its Half Year Financial Report for the period ended 31 December 2016.

During this period our cash position improved from \$5.645m to \$5.725m, posting two consecutive cashflow positive quarters. Additionally, the Company invested \$1.30m in R&D making significant progress in the adoption of industry standard technologies into its Miya Platform and Integration Engine.

Alcidion Group Limited delivered an interim period FY17 loss before tax of \$1.559m. However, this figure includes:

- a) A non-cash expense of \$0.684m relating to options provided to non-executive director Brian Leedman associated with his appointment.
- b) Alcidion elected to expense R&D Costs of \$1.30m (vs. capitalising), to avail the Company of the full R&D Tax Incentive benefit.

I would like to commend the all the staff and shareholders for their continued support of Alcidion and we look forward to accelerating the commercialisation of our software solutions over the coming months.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Ray Blight".

Raymond Blight
Chief Executive Officer & Chairman

ENDS



For further information, please contact:

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Alcidion Group Limited

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Ray Blight, Chief Executive Officer

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Alcidion Group Limited

ray.blight@alcidion.com

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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Alcidion Group Limited (ASX:ALC)
Half Year Report FY17 – 31 December 2016

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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
Mr Brian Leedman	Non-Executive Director	28/07/2016
Mr Nick Dignam	Non-Executive Director	22/02/2016

Registered office

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

Principal place of office

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Wayville SA 5034

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☎ +61 8 8271 2644

Website

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Auditors

William Buck

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☎ +61 8 9321 1204

Accountants

BDO

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Adelaide SA 5000

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☎ +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

Level 40, Central Park

152-158 St George's Terrace

Perth WA 6000

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,

Alcidion Group Limited (Alcidion or Company) is delighted to present its Half Year Financial Report for the period ended 31 December 2016 (FY17 or Period).

During this period our cash position improved from \$5.645m to \$5.725m, posting two consecutive cashflow positive quarters.

In this period, Alcidion has again focussed on:

- J Accelerating the commercialization of our innovative technologies that help create a healthier tomorrow, today.
- J Continuing our product innovation to support faster, safer patient care and increased clinician and care team productivity.

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, staff and patient satisfaction and service performance.

Our product innovation supports the core of Alcidion's business model, that 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.

In July 2016, Alcidion commenced our commercialization strategy, having deployed numerous paid beta deployments across Australia.

As a result of our commercialization strategy, The Company is pleased to report on the key highlights for period:

- J Alcidion executed 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.
- J Secured a \$525k Contract with the Northern Territory Health Department.
- J Alcidion received preferred vendor status for a substantial Hospital Operations Centre in New Zealand and has entered in to commercial negotiations with the District Health Board.
- J Held preliminary discussions with the NSW Health Minister, the WA Health Minister and the Chief Executive of QLD Health.
- J Secured our first customer in NSW, with integration into the Cerner EMR platform.
- J Entered into commercial negotiations with a private hospital group.
- J Tasmania's Department of Health went live with Miya Clinic, unifying several of the disparate Clinical Information Systems in Tasmania.
- J Held a myriad of one-on-one meetings with the continuum of the C-Level Suite Executives across Australia and New Zealand.

During the period, the Company invested \$1.30m 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 a substantial decrease in deployments costs.

“This has skyrocketed the efficiency in patient care as well as the safety”

Professor Tissa Wijerante

Consulting Neurologist
Director of the Stroke & Neuroscience Unit



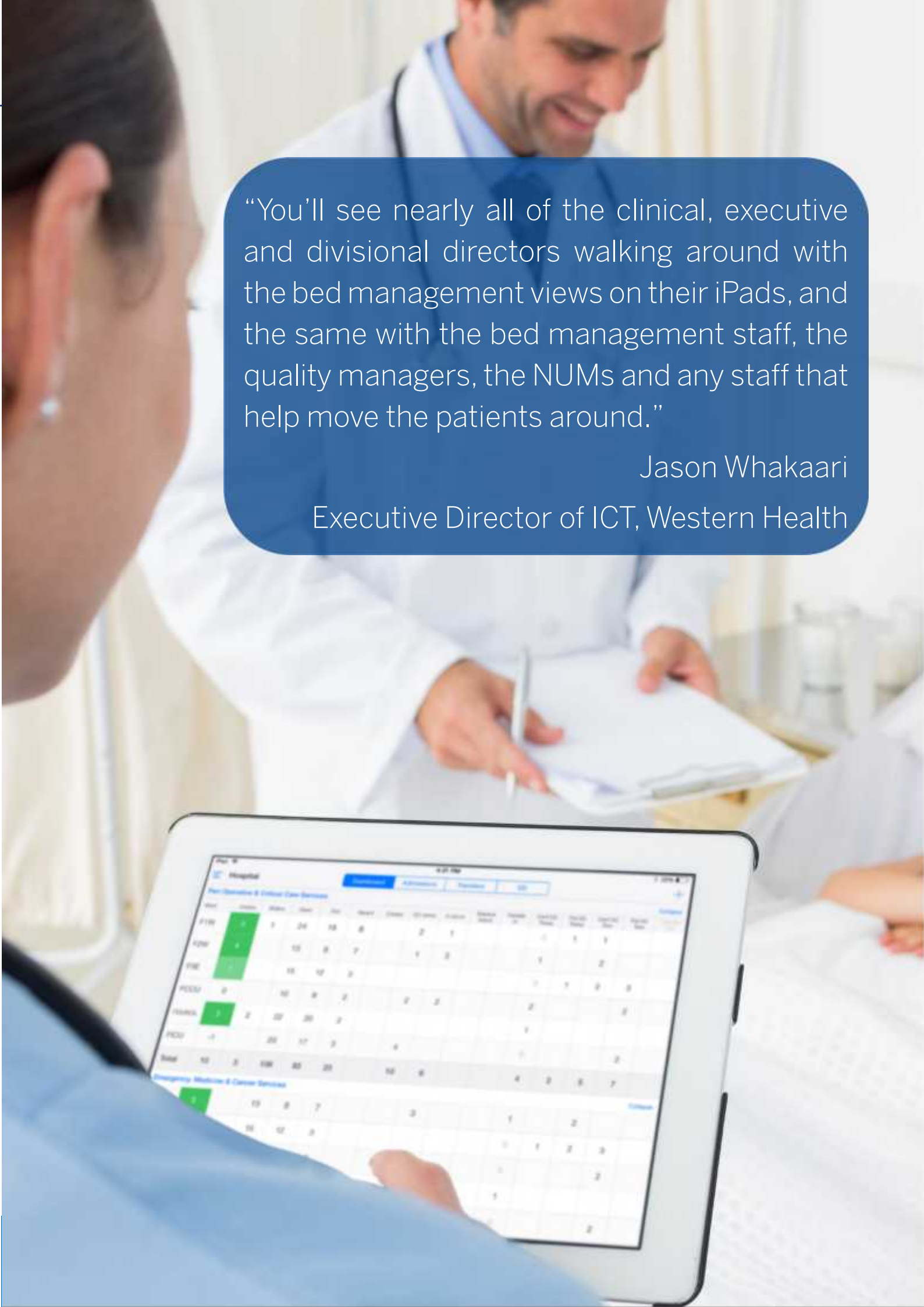
With the strong position afforded by the Company's financial, technological and corporate achievements of 2016, the Company is poised to target the following milestones by 30 June 2017:

- J Preparation for our planned North American expansion in 2018, with market research scheduled for February 2017.
- J Deployment of cloud based, low cost, product modules.
- J Establish reference customers in each state in Australia and New Zealand.
- J Engage Private Hospital Groups in Australia and New Zealand.
- J 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



“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



Unit	Ward	Male	Female	Occupied	Empty	Admitted	Discharged	Transferred	Admitted	Discharged	Transferred	Admitted	Discharged	Transferred
F100	1	20	15	0	2	1								
F200	15	0	7		1	2								
F300	15	12	0											
F400	0	10	0	2		2	2							
F500	2	20	20	2										
F600	1	20	17	0		0								
Total	10	100	60	20	10	0			4	0	0	7		

Directors' Report

The directors of Alcidion Group Limited (formerly Naracoota Resources Limited) ("Alcidion", "the Group" or, the "Company") submit herewith the interim financial report of the Group for the half year ended 31 December 2016 (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 year 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 complimented by formal qualifications of an MBBS from University of Adelaide, and a PhD in Medical Informatics from Stanford University.



Mr Nathan Buzza

Executive Director
Appointed 22 February 2016

With 25 years' experience in software, electronics and medical technology, Nathan is recognised as a technology pioneer in the evolution and implementation of specialised medical technology. Having founded Clinical Middleware provider CommtechWireless in 1992, Nathan grew this business into a successful multinational with offices in Perth, Sydney, Jacksonville, Hong Kong, Shenzhen, Vejle and London deploying the technology across 8000 locations worldwide.

Nathan is a member of the NiQ Healthcare Advisory Board and a General Partner in Private Equity Firm, Allure Capital. Nathan studied a Bachelor of Commerce at Curtin University, majoring in Information Systems.



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 Brian Leedman

Non-Executive Director
Appointed 28 July 2016
B.Ec, MBA

Brian Leedman is a marketing and investor relations professional with over 14 years' experience in the biotechnology industry. Mr Leedman is the co-founder and Executive Director of ASX Listed ResApp Health Limited. Prior to ResApp, Mr Leedman co-founded ASX listed companies Oncosil Medical Limited and

Imugene Limited. Mr Leedman previously served for 10 years as Vice President, Investor Relations for pSivida Corp. which is listed on the ASX and NASDAQ.

He is currently the WA Chairman of AusBiotech, the association of biotechnology companies in Australia. Mr Leedman holds a Bachelor of Economics and a Master of Business Administration from the University of Western Australia.



Mr Josh Russell Puckridge

Non-Executive Director
Resigned 29 November 2016
B.Com

Mr Puckridge is a Corporate Finance Executive at Cicero Advisory Services, a Corporate Advisory and Funds Management firm based in Perth, Western Australia. He has significant experience within funds management, capital raising, mergers, acquisitions and divestments of projects by companies listed on the Australian Securities Exchange.

He currently serves as Non-Executive Director of MCS Services Group Limited (ASX: MSG) and as Chairman of Blaze International Limited and (ASX: BLZ) and Fraser Range Metals Group Limited (ASX: FRN). Mr Puckridge also holds various positions on private company boards.

Mr Puckridge has also acted as a Company Secretary for multiple listed Companies and is also an experienced Australian Financial Services Licence Responsible Manager (currently Director and Responsible Manager of AFSL 482 173).

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.

Principal activities

Alcidion's mission remains to help our clients achieve, and sustain, high performance hospital services – by using 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 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 organizations around Australia.

Review of operations

During the interim period ended 31 December 2016 the Company signed an MoU with Western Health and entered in a further rollout of technologies with NT Health.

Overview of Alcidion and its Business

Alcidion Corporation Pty Ltd, incorporated in June 2000, is a provider of intelligent informatics software for high performance healthcare. Alcidion 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 is focused on anticipating the needs of the healthcare industry and is focused on accelerating the commercialization of its innovative technologies that help create a healthier tomorrow, today.

Over the past decade, and under the stewardship of Professor Malcolm Pradhan and Mr Ray Blight, the former Chief Executive of the SA Health Commission, Alcidion has invested in excess of \$18.9 million in the research and development of a cutting edge Clinical Decision Support System or "CDSS".

In 2012, Alcidion Corporation raised \$2 million in a Series A round led by Blue Sky Funds. This Series A round was complimented through \$1.96 million in funding from Commercialisation Australia to accelerate the development of Alcidion's Miya CDSS, culminating in the successful deployment of a "proof of concept" site throughout Western Health in Melbourne.

Financial Review

Operating Results

Alcidion Group Limited (the Group) delivered an interim period FY17 loss before tax of \$1,559,658 (2015: loss \$942,873). However, this figure includes:

- a) Non-cash expense of \$0.684m relating to options provided to non-executive director Brian Leedman associated with his appointment.
- b) Expensed Research & Development Costs of \$1.30m

The Group has incurred a net loss after tax for the period ended 31 December 2016 of \$1,555,004 (2015: \$959,232 loss), and a net cash inflow from operations of \$84,313 (2015: outflow of \$524,281).

Financial Position

At 31 December 2016, the Group has net current assets of \$5,495,478 (30 June 2016: \$6,382,146 net current assets) and net equity of \$5,703,535 (30 June 2016: \$6,574,539).

Net Cash at Bank at the end of the period was \$5,724,566 with minimal debt.

Summary of Financial Information as at 31 December

	Group 31 December 2016	Group 30 June 2016 / Company 31 December 2015
Cash and cash equivalents (\$)	5,724,566	5,645,357
Net assets/equity	5,703,535	6,574,539
Loss from ordinary activities after income tax (\$)	(1,555,004)	(959,232)
No of issued shares	602,779,957	602,779,957
Share price (\$)	0.087	0.043
Market capitalisation (Undiluted) (\$)	52,441,856	25,919,538

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure management's objectives and activities are aligned by the Board. These include the following:

- J Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- J Implementation of Board approved operating plans and Board monitoring of the progress against budgets.

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

No matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

Likely Developments and Expected Results

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Environmental Regulation and Performance

The Groups activities to date have not been subject to any particular and significant environmental regulation under Laws of either the Commonwealth of Australia or a State or Territory of Australia.

Insurance of Directors and Officers

During or since the interim period, the Company has paid premiums insuring all the directors of Alcidion Group Limited against costs incurred in defending conduct involving:

- a) A breach of duty,
- b) A contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

Alcidion has agreed to indemnify all directors and executive officers of the Company against liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of Alcidion, except where the liability has arisen as a result of a wilful breach of duty in relation to the Company. The agreement stipulates that Alcidion will meet the full amount of any such liabilities, including costs and expenses.

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 2016.

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 2016 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

M.D. King
Partner

Dated this 28th day of February, 2017 in Adelaide, South Australia.

**CHARTERED ACCOUNTANTS
& ADVISORS**
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Adelaide SA 5000
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Adelaide SA 5001
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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;
- c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the half year ended 31 December 2016.

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 28 February 2017

Independent Auditor's Review



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ALCIDION GROUP LIMITED AND CONTROLLED ENTITY**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alcidion Group Limited (the company) and the entity it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 19 to 31, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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.

Directors' Responsibility 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 Responsibility

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 2016 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.

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.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ALCIDION GROUP LIMITED AND CONTROLLED ENTITY (CONT)**

Conclusion

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 31 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 2016 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.

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report

This auditor's review report relates to the half year financial report of Alcidion Group Limited for the half year ended 31 December 2016 included on Alcidion Group Limited's web site. The company's directors are responsible for the integrity of Alcidion Group Limited's web site. We have not been engaged to report on the integrity of Alcidion Group Limited's web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

William Buck

William Buck
ABN: 38 280 203 274

M.D. King

M.D. King
Partner

Dated this 28th day of February, 2017 in Adelaide, South Australia.

Statement of Profit of Loss and Other Comprehensive Income

for the half year ended 31 December 2016

	Note	CONSOLIDATED 31 December 2016 \$	COMPANY 31 December 2015 \$
Continuing operations			
Revenue		1,777,134	1,885,046
Other Revenue		48,929	23,689
Cost of sale of goods		(648,268)	(775,660)
Audit fees		(59,473)	(30,125)
Depreciation and amortisation expense		(21,452)	(32,609)
Directors and employee benefits expense		(1,874,711)	(1,354,348)
Finance costs		(65)	(2,023)
Legal fees		(68,929)	(76,989)
Marketing expense		(172,534)	(127,335)
Operations and administration expense		(479,426)	(448,913)
Other expenses from ordinary activities		(60,863)	(3,606)
Loss before income tax expense		(1,559,658)	(942,873)
Income tax benefit/(expense)		4,654	(16,359)
Loss after tax attributable to the owners of the Company		(1,555,004)	(959,232)
Other comprehensive income/(loss) net of tax			
Items that may be reclassified to profit or loss		-	-
Items that will not reclassified to profit or loss		-	-
Total comprehensive loss for the half year attributable to the owners of the Company		(1,555,004)	(959,232)
(Loss) Per Share			
Basic and diluted loss per share (cents)	7	(0.26)	(0.35)

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 2016

	CONSOLIDATED 31 December 2016 \$	CONSOLIDATED 30 June 2016 \$
Current assets		
Cash and cash equivalents	5,724,566	5,645,357
Trade and other receivables	752,213	2,122,173
Other assets	43,527	59,374
Total current assets	6,520,306	7,826,904
Non-current assets		
Plant and equipment	119,165	137,818
Deferred tax assets	104,350	97,804
Intangible assets and goodwill	4,719	5,071
Total non-current assets	228,234	240,693
Total assets	6,748,540	8,067,597
Liabilities		
Current liabilities		
Trade and other payables	61,707	370,638
Borrowings	-	5,104
Employee provisions	249,534	202,294
Other	713,587	866,722
Total current liabilities	1,024,828	1,444,758
Non-current liabilities		
Employee Provisions	20,177	48,300
Total non-current liabilities	20,177	48,300
Total liabilities	1,045,005	1,493,058
Net assets	5,703,535	6,574,539
Equity		
Issued capital	10,568,683	10,568,683
Reserves	684,000	-
Accumulated losses	(5,549,148)	(3,994,144)
Total equity	5,703,535	6,574,539

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 2016

	Issued capital	Reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
COMPANY				
Balance at 1 July 2015	2,100,004	-	(1,449,427)	650,577
Loss for the period	-	-	(959,232)	(959,232)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive loss for the period	-	-	(959,232)	(959,232)
Shares issued during the period	2,182,500	-	-	2,182,500
Balance as at 31 December 2015	4,282,504	-	(2,408,659)	1,873,845
CONSOLIDATED				
Balance as 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	-	-	-	-
Total comprehensive loss for the period	-	-	(1,555,004)	(1,555,004)
Shares issued during the period	-	-	-	-
Options issued during the period	-	684,000	-	684,000
Balance as at 31 December 2016	10,568,683	684,000	(5,549,148)	5,703,535

Statement of Cash Flows

for the half year ended 31 December 2016

	CONSOLIDATED 31 December 2016 \$	COMPANY 31 December 2015 \$
Cash flows from operating activities		
Receipts from customers & R&D Rebate received	2,838,295	2,379,954
Payments to suppliers and employees	(2,802,646)	(2,927,654)
Interest received	48,729	25,442
Finance costs	(65)	(2,023)
Net cash inflows/(outflow) from operating activities	<u>84,313</u>	<u>(524,281)</u>
Cash flows from investing activities		
Payments for plant and equipment	-	(4,985)
Net cash inflows/(outflow) from investing activities	<u>-</u>	<u>(4,985)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	2,182,500
Repayments of borrowings	(5,104)	(1,522,917)
Net cash inflows/(outflows) from financing activities	<u>(5,104)</u>	<u>659,583</u>
Net increase in cash and cash equivalents	79,209	130,317
Cash and cash equivalents at the beginning of the period	5,645,357	609,456
Cash and cash equivalents at the end of the period	<u>5,724,566</u>	<u>739,773</u>

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 2016

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 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 comprise the consolidated financial statements of the Company and its controlled entity (collectively the Group). Refer Note 2.1.1 for details on the reverse acquisition.

The financial statements were authorised for issue by the directors on 14 February 2017.

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 2016, 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.

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

- J The consolidated statement of profit or loss and other comprehensive income:
 - o for the period to 31 December 2016 comprises six months of the Group; and
 - o for the comparative period comprises 1 July 2015 to 31 December 2015 of Alcidion Corporation.
- J The consolidated statement of financial position:
 - o as at 31 December 2016 represents the Group as at that date; and
 - o as at 30 June 2016 represents the Group as at that date.
- J The consolidated statement of changes in equity:
 - o for the year ended 31 December 2016 comprises the Group's balance at 1 July 2016, its loss for the year and transactions with equity holders for six months. The number of shares on issue at year end represent those of the Group only.
 - o for the comparative period comprises 1 July 2015 to 31 December 2015 of Alcidion Corporation's changes in equity.
- J The consolidated statement of cash flows:
 - o for the year ended 31 December 2016 comprises the cash balance of the Group, as at 1 July 2016, and the cash transactions for the six months of the Group.
 - o for the comparative period comprises 1 July 2015 to 31 December 2015 of Alcidion Corporation's cash transactions.

2.1.2 Use of estimates and judgments

The preparation of the half-year report 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.

2.1.3 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.

2.2 Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the half-year then ended.

2.3 Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.3.1 Key Estimate - Taxation

Balances disclosed in the interim financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Research & Development rebate is accrued based on estimated amount receivable from the ATO as per the applicable tax laws.

2.3.2 Key Estimate - Intangible assets and amortisation

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of four years.

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of four years.

2.3.3 Key Estimate – Provision for R&D

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the amount refundable on an accrual basis. In determining the amount of the R&D provision at period end, there is an estimation process utilising a conservative approach. Any changes to the estimation are recorded in the subsequent Financial Period.

2.4 New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these AASBs did not have any significant impact on the financial performance or position of the Group.

2.5 New Accounting Standards and Interpretations not yet mandatory or early adopted

AASBs that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the half-year reporting period ended 31 December 2016. The Group has not yet considered the implications of any new or amended Accounting Standards.

3 Business combinations

3.1 Alcidion Corporation Pty Ltd

On 29 February 2016, Alcidion Group Limited (formerly Naracoota Resources Limited) (Alcidion Group), acquired 100% of the ordinary share capital and voting rights of Alcidion Corporation Pty Ltd (Alcidion Corporation) as described in the prospectus issued 7 December 2015.

Under AASB 3 Business Combinations (AASB 3) the accounting acquirer is deemed to be Alcidion Corporation and Alcidion Group Limited is deemed to be the accounting acquiree. As a result, this financial report which consists of the statement of profit or loss and other comprehensive income, financial position, changes in equity and cash flows comprises the transactions of the Group from 1 July 2016 to 31 December 2016.

Refer to the effect upon the basis of preparation at Note 2.1.1 Reverse acquisition.

4 Share-based payments: Share options and Contingent Share Rights

The Company has an ownership-based compensation arrangement for its employees.

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.

A package of 15,000,000 options share-based payments were made during the current reporting period to Brian Leedman, a non-executive director.

Options

	Consolidated 31 December 2016		Consolidated 30 June 2016	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of period	5,500,000	0.28	5,500,000	0.28
Granted during the period	15,000,000	0.0456	-	-
Exercised during the period	-	-	-	-
Options expired during the period	(5,000,000)	-	-	-
Balance at end of the period	15,500,000		5,500,000	
Exercisable at end of period	15,500,000		5,500,000	

	Class A Contingent Shares Rights (1)	Class B Contingent Shares Rights (2)
	Number of Rights (3) (4)	Number of Rights (3) (4)
Balance at beginning of period 1 January 2016	-	-
Granted during the period as Consideration for the Acquisition of Alcidion Corporation	133,333,333	133,333,333
Consideration issued to Advisors	11,827,957	15,053,763
Balance at the end of the period 30 June 2016	145,161,290	148,387,096
Balance at beginning of period 1 July 2016	145,161,290	148,387,096
Granted during the financial year	-	-
Consideration issued	-	-
Balance at end of the period 31 December 2016	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 29th 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 29th 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

5 Equity

(a) Issued capital

	Consolidated 31 December 2016	Consolidated 30 June 2016
	\$	\$
602,779,957 fully paid ordinary shares (2016: 602,779,957)	10,568,683	10,568,683
	<u>10,568,683</u>	<u>10,568,683</u>

	Consolidated 31 December 2016		Consolidated 30 June 2016	
	No.	\$	No.	\$
Balance at 1 July	602,779,957	10,568,683	138,263,828	8,568,683
Shares issued for acquisition	-	-	400,000,000	-
Shares issued in Capital Raise	-	-	64,516,129	2,000,000
Balance at 31 December	<u>602,779,957</u>	<u>10,568,683</u>	<u>602,779,957</u>	<u>10,568,683</u>

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

(b) Reserves

	Consolidated 31 December 2016	Consolidated 30 June 2016
	\$	\$
Balance at beginning of the period	-	-
Share-based payment expense	684,000	-
Balance at end of the period	<u>684,000</u>	<u>-</u>

(c) Movements in options on issue

	31 December 2016	30 June 2016
	No. of options	No. of options
Beginning of the period	5,500,000	5,500,000
Issued Options in Alcidion Group during period	15,000,000	-
Cancelled Option during period	(5,000,000)	-
End of the period	<u>15,500,000</u>	<u>5,500,000</u>

Date options issued	Expiry Date	Exercise price (cents)	Number of options
23 August 2012	23 August 2017	7.5	500,000
29 November 2016	30 June 2020	4.5	5,000,000
29 November 2016	30 June 2020	6	5,000,000
29 November 2016	30 June 2020	8	5,000,000
Total number of options outstanding at the date of this report			<u>15,500,000</u>

The weighted average exercise price of these options is \$0.062 & weighted average exercise period is 3.40 years.

6 Dividends

There were no dividends paid or proposed during the period.

7 Loss per share

	Consolidated 2016 Cents per share	Company 2015 Cents per share
Basic (loss) per share (cents)	(0.26)	(0.35)
	Consolidated 2016 \$	Company 2015 \$
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	(1,555,004)	(959,232)
	2016 No.	2015 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	602,779,957	274,133,314

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".

8 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 six months however the Group has an option to extend the lease for a further 12 months.

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

	Consolidated 2016 \$	Company 2015 \$
Within one year	67,644	67,644

As at 31 December 2016 the Group has no other commitments (2015: nil)

9 Contingencies

In the opinion of the Directors, the Group did not have any contingent liabilities or contingent assets as at 31 December 2016 (2015: 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.

10 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.

11 Subsequent events

No 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.

12 Financial instruments

(a) Financial risk management objectives

The Group does not enter into or trade financial instruments, including derivative financial instruments. The use of financial derivatives is governed by the Company's Board of Directors.

(b) Significant accounting policies

Significant accounting policies were disclosed in Note 2 of the 30 June 2016 financial year audited report, and there have been no changes to the accounting policies in the half year.

(c) Foreign currency risk management

The Group does not transact in foreign currencies, hence no exposure to exchange rate fluctuations arise.

(d) Interest rate risk management

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money.

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



Ray Blight
Executive Chairman and Chief Executive Officer
Adelaide, South Australia this 28 day of February 2017

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	602,779,957
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	602,779,957

Shares Under Option

At the date of this report there are 15,500,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the period	
Unlisted options	5,500,000
Listed options	-
	5,500,000
Movements of share options during the period and to the date of this report	10,000,000
Total number of options outstanding at the date of this report	15,500,000

The balance is comprised of the following:

Date options issued	Expiry date	Exercise price (cents)	Listed/Unlisted	Number of options
23 August 2012	23 August 2017	7.5	Unlisted	500,000
29 November 2016	30 June 2020	4.5	Unlisted	5,000,000
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 or call us at 1800 767 873.



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AUSTRALIA

Appendix 4D Half Year Report

Name of entity:	ALCIDION GROUP LIMITED
ABN:	77 143 142 410

Half year ended (‘current period’)	Half year ended (‘previous corresponding period’)
31 December 2016	31 December 2015

Results for announcement to the market **\$m**

Consolidated revenue from operations	down	(5.72)%	to	1.777
Loss after tax attributable to shareholders	up	(62.1)%	to	1.555
Net Loss for the period attributable to shareholders before individually material items	up	(62.1)%	to	1.555

The increase in loss from the previous period was largely due to a non-cash transaction of options given to Brian Leedman non-executive director. This cost was \$684,000

	31 December 2016	30 June 2016
Net tangible asset backing per ordinary security	Cents 0.009	Cents 0.011

No Dividends reported or payable in either period.