

Alcidion Corporation Pty Ltd

(ABN 62 093 148 488)

Financial Statements

Year ended 30 June 2013

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

CONTENTS

	Page No.
Detailed Trading, Profit and Loss Statement	2
Statement of Financial Position	4
Notes to the Financial Statements	5
Directors' Declaration	12
Auditor Independence Declaration	13
Audit Report	14

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

TRADING, PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
SALES		
Recurring income	1,314,365	1,120,099
Non-recurring income	2,687,846	1,980,690
Grants	1,044,741	558,144
Foreign exchange gain or (loss)	2,083	-
	<u>5,049,035</u>	<u>3,658,933</u>
LESS COST OF GOODS SOLD		
Product development	1,491,831	802,730
Maintenance and support	272,413	135,104
Project expenditure	537,162	796,428
Direct computer hardware and software	4,742	33,390
	<u>2,306,148</u>	<u>1,767,652</u>
GROSS PROFIT	<u>2,742,887</u>	<u>1,891,281</u>
LESS EXPENDITURE		
Accountancy fees, R&D Returns	24,484	29,830
Amortisation	704	704
Auditors' remuneration	1,650	7,350
Board fees	42,285	19,607
Bank charges	4,328	5,213
Bookkeeping	14,875	14,990
Business meetings	464	945
Cleaning - office	8,394	8,330
Contracting & consultancy fees	30,588	162,751
Couriers	999	1,457
Computer expenses	4,557	9,271
Depreciation	125,856	86,553
Minor plant and equipment	8,468	10,627
Donations	3,125	807
Employees entitlements	86,872	122,555
Staff amenities	8,004	8,587
Entertainment expenses	2,800	2,645
Filing fees	590	261
Fringe benefits tax	5,336	-
Insurance	12,487	16,908
Interest paid	7,154	21,986
Legal costs	32,984	74,975
Light and power	27,419	20,837
Marketing	4,052	10,410
Magazines, journals and periodicals	2,165	1,703

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

TRADING, PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
Motor vehicle expenses	3,263	5,755
Parking expenses	24,246	19,983
Payroll tax	142,913	93,206
Postage	987	1,443
Printing and stationery	6,313	12,816
Recruitment expenses	83,803	71,410
Rent and outgoings	164,139	121,908
Repairs and maintenance	8,463	21,824
Salaries and wages	1,142,169	882,550
Security costs	2,538	640
Software expenses	49,435	46,952
Storage fees	2,848	2,724
Subscriptions	5,486	4,669
Sundry expenses	11,760	11,955
Superannuation contributions	287,766	213,403
Telephone and internet	35,225	31,868
Travelling expenses	115,180	81,881
Training and education	2,692	318
Workcover	14,433	9,894
	<hr/> 2,564,299	<hr/> 2,274,501
	<hr/> 178,588	<hr/> (383,220)
OTHER INCOME		
Profit on sale of non-current assets	-	5,226
Interest received	59,941	28,106
Other revenue	135	164
	<hr/> 60,076	<hr/> 33,496
NET OPERATING PROFIT (LOSS) BEFORE INCOME TAX	<hr/> 238,664	<hr/> (349,724)
Income tax benefit	17,074	259,753
NET OPERATING PROFIT (LOSS) AFTER INCOME TAX	<hr/> 255,738	<hr/> (89,971)
Retained profits at the beginning of the financial year	52,254	142,225
TOTAL AVAILABLE FOR APPROPRIATION	<hr/> 307,992	<hr/> 52,254
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR	<hr/> 307,992	<hr/> 52,254

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	2,399,074	1,161,002
Trade and other receivables	3	927,215	768,552
TOTAL CURRENT ASSETS		<u>3,326,289</u>	<u>1,929,554</u>
NON-CURRENT ASSETS			
Property, plant and equipment	4	326,093	254,224
Intangibles	5	7,183	7,887
Deferred tax assets	6	131,155	101,375
TOTAL NON-CURRENT ASSETS		<u>464,431</u>	<u>363,486</u>
TOTAL ASSETS		<u>3,790,720</u>	<u>2,293,040</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	435,193	220,476
Borrowings	8	100,262	31,027
Short-term provisions	9	213,017	139,851
Other	10	407,129	543,308
TOTAL CURRENT LIABILITIES		<u>1,155,601</u>	<u>934,662</u>
NON-CURRENT LIABILITIES			
Borrowings	8	14,098	19,508
Long-term provisions	9	213,025	186,612
TOTAL NON-CURRENT LIABILITIES		<u>227,123</u>	<u>206,120</u>
TOTAL LIABILITIES		<u>1,382,724</u>	<u>1,140,782</u>
NET ASSETS		<u>2,407,996</u>	<u>1,152,258</u>
EQUITY			
Issued capital	11	2,100,004	1,100,004
Retained profits		307,992	52,254
TOTAL EQUITY		<u>2,407,996</u>	<u>1,152,258</u>

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Statement of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. The financial statements are therefore a special purpose financial report that has been prepared in order to meet the needs of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

(a) Income Tax

Income tax expenses (revenue) for the year comprises current income tax expense (revenue).

Current income tax expense charged to the profit and loss is tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant tax authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balance during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

(c) Intangibles

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions liability.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

The company also receives revenue in from Government Grants.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(h) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(i) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Finance Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability is established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(k) Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
2. CASH AND CASH EQUIVALENTS			
Cash on hand	31	344	
CBA - Premium 1046 0255	97,888	176,722	
CBA - IPJS BOLS account 8253□	22,073	-	
CBA - Holding 1017 5037	786	31,427	
CBA - Holding saver 1023 1932	63,303	201,780	
CBA - Comm ready 1024 8515	106	378	
CBA - Comm ready saver 1024 8523	114	13,825	
CBA - premium account BOLS 7277	967,600	128,229	
CBA - Term Deposit	1,246,274	608,227	
CBA - IPJS Victoria 8245	899	70	
		<u>2,399,074</u>	<u>1,161,002</u>
3. TRADE AND OTHER RECEIVABLES			
CURRENT			
Sundry debtors	6,636	3,900	
R&D Tax Offsett Refund Due	-	224,018	
	<u>6,636</u>	<u>227,918</u>	
Trade debtors	920,579	540,634	
	<u>927,215</u>	<u>768,552</u>	
4. PROPERTY, PLANT AND EQUIPMENT			
Motor vehicles	62,189	62,189	
Less accumulated depreciation	(26,964)	(14,458)	
	<u>35,225</u>	<u>47,731</u>	
Office furniture and equipment	341,691	368,944	
Less accumulated depreciation	(233,868)	(241,481)	
	<u>107,823</u>	<u>127,463</u>	
Computer and hardware equipment	322,031	133,878	
Less accumulated amortisation	(138,986)	(54,848)	
	<u>183,045</u>	<u>79,030</u>	
Total property, plant and equipment		<u>326,093</u>	<u>254,224</u>

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
5. INTANGIBLE ASSETS			
Patents and trademarks		14,331	14,331
Less accumulated amortisation		(7,148)	(6,444)
		<u>7,183</u>	<u>7,887</u>
6. TAX			
NON-CURRENT			
Deferred tax asset		<u>131,155</u>	<u>101,375</u>
7. TRADE AND OTHER PAYABLES			
CURRENT			
Goods and services tax		184,040	112,795
Trade creditors		10,627	26,283
Accrued expenses		158,149	-
Other creditors		31,186	22,709
Amounts withheld		51,191	58,689
		<u>435,193</u>	<u>220,476</u>
8. BORROWINGS			
CURRENT			
Hire purchase liability		104,987	33,655
Less unexpired hire purchase liability		(4,725)	(2,628)
		<u>100,262</u>	<u>31,027</u>
NON-CURRENT			
Hire purchase liability		14,178	20,453
Less unexpired hire purchase liability		(80)	(945)
		<u>14,098</u>	<u>19,508</u>
9. PROVISIONS			
CURRENT			
Provision for annual leave		171,897	139,851
Provision for long service leave		41,120	-
		<u>213,017</u>	<u>139,851</u>
NON-CURRENT			
Provision for long service leave		<u>213,025</u>	<u>186,612</u>

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
10. OTHER LIABILITIES			
CURRENT			
Income in advance		<u>407,129</u>	<u>543,308</u>
11. ISSUED CAPITAL			
Ordinary shares		<u>2,100,004</u>	<u>1,100,004</u>

12. SUBSEQUENT EVENTS

- (a) On the 18th of August 2015 the shareholders of Alcidion Corporation Pty Ltd entered into a binding term sheet with ASX Listed Company Naracoota Resources Ltd (ASX: NRR) for the acquisition of 100% of the Alcidion Corporation Pty Ltd shares.

In addition to the terms and conditions that are customary to acquisitions of this nature, the acquisition is conditional upon;

1. Naracoota Resources Ltd must receive all regulatory and shareholder approvals
 2. The transaction is conditional upon Naracoota Resources Ltd completing its Due Diligence investigations
 3. An Independent Expert finding that the acquisition of 100% of the shares in Alcidion Corporation Pty Ltd is fair and reasonable to the existing shareholders of Naracoota Resources Ltd that are not related to the vendors of Alcidion Corporation Pty Ltd who acquire a relevant interest of 20% or more of Naracoota Resources Ltd;
 4. Alcidion Corporation Pty Ltd will be Acquired with \$1.75M in net cash and no debt;
 5. Naracoota Resources Ltd enter into a formal Share Purchase agreement by no later than 31 December 2015.
- (b) On the 2nd of September 2015 Alcidion Corporation Pty Ltd announced the completion of a contract for \$1.75M with the Northern Territory Department of Health to run over a 60 month period. The contract relates to the installation and commissioning of the Miya platform within the Royal Darwin and Alice Springs hospital emergency departments.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

DIRECTORS' DECLARATION

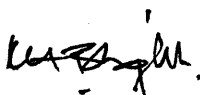
The directors declare that the company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes as set out on pages 2 to 10 presents fairly the company's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. 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.

This declaration is made on behalf of the Board of Directors:

Director



Raymond H Blight

Director



Malcolm Pradhan

Dated:

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ALCIDION CORPORATION PTY LTD**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2013 there have been:

- no contraventions of the auditor independence requirements in relation to the audit;
and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN 38 280 203 274

M. D. King

M. D. King
Partner

Dated this 8th day of September 2015

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCIDION CORPORATION PTY LTD

Report on the Financial Report

We have audited the accompanying financial report on pages 2 to 12, being a special purpose financial report of Alcidion Corporation Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2013, the trading, profit and loss statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of Alcidion Corporation Pty Ltd are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the needs of the shareholders.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

In conducting our audit, we have complied with the relevant independence requirements relating to audit engagements.

CHARTERED ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCIDION CORPORATION PTY LTD (cont)

Basis for Qualified Opinion

The previous financial report was not audited. We were unable to satisfy ourselves by alternative means concerning opening balances disclosed in the statements of trading, profit and loss and the statement of financial position, as comparative figures. Whilst we were satisfied with the material accuracy of the amounts recorded in the statement of financial position at 30 June 2013, the impact of opening balances on the current period financial performance prevent us from forming an opinion on the financial report as a whole.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Alcidion Corporation Pty Ltd presents fairly, in all material respects, the financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the basis of preparation as disclosed in Note 1 to the financial report.

Basis of Accounting

Without further modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Alcidion Corporation Pty Ltd to meet the needs of shareholders. As a result, the financial report may not be suitable for another purpose.

William Buck

William Buck

ABN 38 280 203 274

M. D. King

M. D. King

Partner

Dated this 8th day of September 2015

Alcidion Corporation Pty Ltd

(ABN 62 093 148 488)

Financial Statements

Year ended 30 June 2014

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

CONTENTS

	Page No.
Detailed Trading, Profit and Loss Statement	2
Statement of Financial Position	4
Notes to the Financial Statements	5
Directors' Declaration	12
Auditor Independence Declaration	13
Auditor's Report	14

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

TRADING, PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
SALES		
Recurring income	1,449,568	1,314,365
Non-recurring income	817,736	2,687,846
Grants	98,200	1,044,741
Foreign exchange gain or (loss)	-	2,083
	<u>2,365,504</u>	<u>5,049,035</u>
LESS COST OF GOODS SOLD		
Product development	1,397,625	1,491,831
Maintenance and support	71,886	272,413
Project expenditure	1,050,103	537,162
Direct computer hardware and software	30,581	4,742
	<u>2,550,195</u>	<u>2,306,148</u>
GROSS PROFIT (LOSS)	<u>(184,691)</u>	<u>2,742,887</u>
LESS EXPENDITURE		
Accountancy fees, R&D Returns	20,924	24,484
Amortisation	704	704
Auditors' remuneration	1,750	1,650
Board fees	85,217	42,285
Bank charges	3,686	4,328
Bookkeeping	4,500	14,875
Business meetings	21	464
Cleaning - office	8,881	8,394
Contracting & consultancy fees	31,666	30,588
Couriers	400	999
Computer expenses	-	4,557
Depreciation	98,530	125,856
Minor plant and equipment	2,661	8,468
Donations	1,335	3,125
Employees entitlements	(61,592)	86,872
Staff amenities	9,410	8,005
Entertainment expenses	17,754	2,800
Filing fees	118	590
Fringe benefits tax	4,000	5,336
Insurance	16,889	12,486
Interest paid	8,014	7,154
Legal costs	52,735	32,984
Light and power	31,492	27,419
Marketing	8,308	4,052
Magazines, journals and periodicals	310	2,165

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

TRADING, PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Motor vehicle expenses	523	3,263
Parking expenses	21,440	24,246
Payroll tax	146,036	142,913
Postage	722	987
Printing and stationery	4,108	6,313
Recruitment expenses	15,308	83,803
Rent and outgoings	146,331	164,139
Repairs and maintenance	11,008	8,463
Salaries and wages	1,446,945	1,142,169
Security costs	866	2,538
Software expenses	48,429	49,435
Storage fees	2,911	2,848
Subscriptions	2,203	5,486
Sundry expenses	31,145	11,760
Superannuation contributions	341,287	287,766
Telephone and internet	44,273	35,225
Travelling expenses	87,207	115,180
Training and education	3,342	2,692
Workcover	15,603	14,433
	<hr/> 2,717,400	<hr/> 2,564,299
	(2,902,091)	178,588
OTHER INCOME		
Interest received	35,701	59,941
Other revenue	1,372	135
	<hr/> 37,073	<hr/> 60,076
NET OPERATING PROFIT (LOSS) BEFORE INCOME TAX	(2,865,018)	238,664
Income tax benefit	1,425,863	17,074
	<hr/> (1,439,155)	<hr/> 255,738
NET OPERATING PROFIT (LOSS) AFTER INCOME TAX	307,992	52,254
Retained Profits at the beginning of the financial year		
TOTAL AVAILABLE FOR APPROPRIATION (DEFICIT)	(1,131,163)	307,992
RETAINED PROFITS (ACCUMULATED LOSSES) AT THE END OF THE FINANCIAL YEAR	<hr/> (1,131,163)	<hr/> 307,992

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	2,249	2,399,074
Trade and other receivables	3	2,668,247	927,215
TOTAL CURRENT ASSETS		<u>2,670,496</u>	<u>3,326,289</u>
NON-CURRENT ASSETS			
Property, plant and equipment	4	227,788	326,093
Intangible assets	5	6,479	7,183
Deferred tax assets	6	113,935	131,155
TOTAL NON-CURRENT ASSETS		<u>348,202</u>	<u>464,431</u>
TOTAL ASSETS		<u><u>3,018,698</u></u>	<u><u>3,790,720</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	365,478	435,193
Borrowings	8	181,434	100,262
Provisions	9	228,397	213,017
Other	10	1,046,826	407,129
TOTAL CURRENT LIABILITIES		<u>1,822,135</u>	<u>1,155,601</u>
NON-CURRENT LIABILITIES			
Borrowings	8	100,000	14,098
Provisions	9	127,722	213,025
TOTAL NON-CURRENT LIABILITIES		<u>227,722</u>	<u>227,123</u>
TOTAL LIABILITIES		<u><u>2,049,857</u></u>	<u><u>1,382,724</u></u>
NET ASSETS		<u><u>968,841</u></u>	<u><u>2,407,996</u></u>
EQUITY			
Issued capital	11	2,100,004	2,100,004
Retained earnings (accumulated losses)		(1,131,163)	307,992
TOTAL EQUITY		<u><u>968,841</u></u>	<u><u>2,407,996</u></u>

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income). The company does not recognise deferred tax assets and liabilities.

Current income tax expense charged to profit or loss is the tax payable on taxable income and is measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balance during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(b) Property, Plant and Equipment

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives to the company.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Freehold land and buildings are carried at their recoverable amounts, based on periodic, but at least triennial, valuations by the directors.

(c) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions liability.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted as a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax.

The company also receives revenue in from Government Grants.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(g) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability is established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(j) Intangibles

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

(k) Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
2. CASH AND CASH EQUIVALENTS		
Cash on hand	432	31
CBA - Premium 1046 0255	-	97,888
CBA - IPJS BOLS account 8253□	193	22,073
CBA - Holding 1017 5037	57	786
CBA - Holding saver 1023 1932	240	63,303
CBA - Comm ready 1024 8515	-	106
CBA - Comm ready saver 1024 8523	-	114
CBA - premium account BOLS 7277	549	967,600
CBA - Term Deposit	-	1,246,274
CBA - IPJS Victoria 8245	778	899
	<u>2,249</u>	<u>2,399,074</u>
3. TRADE AND OTHER RECEIVABLES		
CURRENT		
Sundry debtors	-	6,636
Prepaid insurance	6,885	-
R&D Tax Offset Refund Due	1,395,119	-
	<u>1,402,004</u>	<u>6,636</u>
Trade debtors	<u>1,266,243</u>	<u>920,579</u>
	<u>2,668,247</u>	<u>927,215</u>
4. PROPERTY, PLANT AND EQUIPMENT		
Motor vehicles	-	62,189
Less accumulated depreciation	<u>-</u>	<u>(26,964)</u>
	<u>-</u>	<u>35,225</u>
Office furniture and equipment	344,044	341,691
Less accumulated depreciation	<u>(249,101)</u>	<u>(233,868)</u>
	<u>94,943</u>	<u>107,823</u>
Computer and hardware equipment	351,565	322,031
Less accumulated amortisation	<u>(218,720)</u>	<u>(138,986)</u>
	<u>132,845</u>	<u>183,045</u>
Total property, plant and equipment	<u>227,788</u>	<u>326,093</u>

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
5. INTANGIBLE ASSETS		
Patents and trademarks	14,331	14,331
Less accumulated amortisation	(7,852)	(7,148)
	<u>6,479</u>	<u>7,183</u>
6. TAX		
NON-CURRENT		
Deferred tax asset	<u>113,935</u>	<u>131,155</u>
7. TRADE AND OTHER PAYABLES		
CURRENT		
Goods and services tax	155,643	184,040
Trade creditors	25,980	10,627
Accrued expenses	52,665	158,149
Other creditors	33,202	31,186
Amounts withheld	97,988	51,191
	<u>365,478</u>	<u>435,193</u>
8. BORROWINGS		
CURRENT		
CBA - Premium 1046 0255	169,021	-
Hire purchase liability	17,138	104,987
Less unexpired hire purchase liability	(4,725)	(4,725)
	<u>12,413</u>	<u>100,262</u>
	<u>181,434</u>	<u>100,262</u>
NON-CURRENT		
Hire purchase liability	-	14,178
Less unexpired hire purchase liability	-	(80)
	<u>-</u>	<u>14,098</u>
Unsecured loan - Mr Ray Blight	<u>100,000</u>	<u>-</u>
	<u>100,000</u>	<u>14,098</u>

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
9. PROVISIONS		
CURRENT		
Provision for annual leave	159,803	171,897
Provision for long service leave	68,594	41,120
	<u>228,397</u>	<u>213,017</u>
NON-CURRENT		
Provision for long service leave	<u>127,722</u>	<u>213,025</u>
10. OTHER LIABILITIES		
CURRENT		
Income in advance	<u>1,046,826</u>	<u>407,129</u>
11. ISSUED CAPITAL		
Ordinary shares	<u>2,100,004</u>	<u>2,100,004</u>

12. SUBSEQUENT EVENTS

- (a) On the 18th of August 2015 the shareholders of Alcidion Corporation Pty Ltd entered into a binding term sheet with ASX Listed Company Naracoota Resources Ltd (ASX: NRR) for the acquisition of 100% of the Alcidion Corporation Pty Ltd shares.

In addition to the terms and conditions that are customary to acquisitions of this nature, the acquisition is conditional upon;

1. Naracoota Resources Ltd must receive all regulatory and shareholder approvals
2. The transaction is conditional upon Naracoota Resources Ltd completing its Due Diligence investigations
3. An Independent Expert finding that the acquisition of 100% of the shares in Alcidion Corporation Pty Ltd is fair and reasonable to the existing shareholders of Naracoota Resources Ltd that are not related to the vendors of Alcidion Corporation Pty Ltd who acquire a relevant interest of 20% or more of Naracoota Resources Ltd;
4. Alcidion Corporation Pty Ltd will be Acquired with \$1.75M in net cash and no debt;
5. Naracoota Resources Ltd enter into a formal Share Purchase agreement by no later than 31 December 2015.

- (b) On the 2nd of September 2015 Alcidion Corporation Pty Ltd announced the completion of a contract for \$1.75M with the Northern Territory Department of Health to run over a 60 month period. The contract relates to the installation and commissioning of the Miya platform within the Royal Darwin and Alice Springs hospital emergency departments.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In accordance with a resolution of the directors of Alcidion Corporation Pty Ltd, the directors of the company declare that:

1. The financial statements and notes as set out on pages 2 to 11 presents fairly the company's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. 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.

Director



Raymond H Blight

Director



Malcolm Pradhan

Dated:

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ALCIDION CORPORATION PTY LTD**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2014 there have been:

- no contraventions of the auditor independence requirements in relation to the audit;
and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN 38 280 203 274

M. D. King

M. D. King
Partner

Dated this 8th day of September 2015

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 6, 211 Victoria Square
Adelaide SA 5000

GPO Box 11050
Adelaide SA 5001

Telephone: +61 8 8409 4333

williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCIDION CORPORATION PTY LTD

Report on the Financial Report

We have audited the accompanying financial report on pages 2 to 12, being a special purpose financial report of Alcidion Corporation Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2014, the trading, profit and loss statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the needs of the shareholders.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements relating to audit engagements.

CHARTERED ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000

GPO Box 11050
Adelaide SA 5001

Telephone: +61 8 8409 4333

williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCIDION CORPORATION PTY LTD (CONT)

Auditor's Opinion

In our opinion the financial report of Alcidion Corporation Pty Ltd on pages 2 to 12 presents fairly, in all material respects, the financial position as at 30 June 2014 and of its performance for the year ended on that date in accordance with the basis of preparation as disclosed in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Alcidion Corporation Pty Ltd to meet the needs of shareholders. As a result, the financial report may not be suitable for another purpose.



William Buck

ABN 38 280 203 274



M. D. King

Partner

Dated this 8th day of September 2015

Alcidion Corporation Pty Ltd

(ABN 62 093 148 488)

Financial Statements

Year ended 30 June 2015

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

CONTENTS

	Page No.
Detailed Trading, Profit and Loss Statement	2
Statement of Financial Position	4
Notes to the Financial Statements	5
Directors' Declaration	13
Auditor Independence Declaration	14
Auditor's Report	15

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

TRADING, PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
SALES		
Recurring income	1,568,582	1,449,568
Non-recurring income	3,276,892	817,736
Grants	-	98,200
Foreign exchange gain or (loss)	(2,153)	-
	<u>4,843,321</u>	<u>2,365,504</u>
 LESS COST OF GOODS SOLD		
Product development	369,710	1,397,625
Maintenance and support	79,556	71,886
Project expenditure	1,362,084	1,050,103
Direct computer hardware and software	170,818	30,581
	<u>1,982,168</u>	<u>2,550,195</u>
 GROSS PROFIT (LOSS)	<u>2,861,153</u>	<u>(184,691)</u>
 LESS EXPENDITURE		
Accountancy fees, R&D Returns	23,107	20,924
Amortisation	704	704
Auditors' remuneration	-	1,750
Board fees	225,112	85,217
Bank charges	7,185	3,686
Bookkeeping	2,750	4,500
Business meetings	1,194	21
Cleaning - office	8,916	8,881
Contracting & consultancy fees	24,514	31,666
Couriers	492	400
Depreciation	114,362	98,530
Minor plant and equipment	9,880	2,661
Donations	1,493	1,335
Employees entitlements	34,558	(61,592)
Staff amenities	7,086	9,410
Entertainment expenses	12,897	17,754
Filing fees	691	118
Fringe benefits tax	5,858	4,000
Insurance	23,782	16,889
Interest paid	13,945	8,014
Legal costs	38,609	52,735
Light and power	32,771	31,492
Marketing	45,087	8,308
Magazines, journals and periodicals	860	310

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

TRADING, PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Motor vehicle expenses	-	523
Parking expenses	23,893	21,440
Payroll tax	169,370	146,036
Postage	649	722
Printing and stationery	2,576	4,108
Recruitment expenses	11,786	15,308
Rent and outgoings	141,878	146,331
Repairs and maintenance	8,382	11,008
Salaries and wages	1,829,868	1,446,945
Security costs	1,121	866
Software expenses	71,506	48,429
Storage fees	4,393	2,911
Subscriptions	317	2,203
Sundry expenses	21,105	31,145
Superannuation contributions	325,757	341,287
Telephone and internet	62,870	44,273
Travelling expenses	197,874	87,207
Training and education	22,190	3,342
Workcover	12,713	15,603
	<hr/> 3,544,101	<hr/> 2,717,400
	(682,948)	(2,902,091)
OTHER INCOME		
Interest received	19,446	35,701
Other revenue	3,937	1,372
	<hr/> 23,383	<hr/> 37,073
NET OPERATING PROFIT (LOSS) BEFORE INCOME TAX	(659,565)	(2,865,018)
Income tax benefit	341,301	1,425,863
	<hr/> (318,264)	<hr/> (1,439,155)
NET OPERATING PROFIT (LOSS) AFTER INCOME TAX		
Retained Profits (accumulated losses) at the beginning of the financial year	(1,131,163)	307,992
TOTAL AVAILABLE FOR APPROPRIATION (DEFICIT)	(1,449,427)	(1,131,163)
RETAINED PROFITS (ACCUMULATED LOSSES) AT THE END OF THE FINANCIAL YEAR	<u><u>(1,449,427)</u></u>	<u><u>(1,131,163)</u></u>

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	2,321,254	2,249
Trade and other receivables	3	1,269,176	2,668,247
TOTAL CURRENT ASSETS		3,590,430	2,670,496
NON-CURRENT ASSETS			
Property, plant and equipment	4	190,112	227,788
Intangible assets	5	5,775	6,479
Deferred tax assets	6	124,690	113,935
TOTAL NON-CURRENT ASSETS		320,577	348,202
TOTAL ASSETS		3,911,007	3,018,698
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	499,270	365,478
Borrowings	8	47,096	181,434
Provisions	9	227,116	228,397
Other	10	831,472	1,046,826
TOTAL CURRENT LIABILITIES		1,604,954	1,822,135
NON-CURRENT LIABILITIES			
Borrowings	8	1,500,000	100,000
Provisions	9	155,476	127,722
TOTAL NON-CURRENT LIABILITIES		1,655,476	227,722
TOTAL LIABILITIES		3,260,430	2,049,857
NET ASSETS		650,577	968,841
EQUITY			
Issued capital	11	2,100,004	2,100,004
Retained earnings (accumulated losses)		(1,449,427)	(1,131,163)
TOTAL EQUITY		650,577	968,841

The accompanying notes form part of these financial statements.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1 Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income). The company does not recognise deferred tax assets and liabilities.

Current income tax expense charged to profit or loss is the tax payable on taxable income and is measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balance during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(b) Property, Plant and Equipment

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives to the company.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Freehold land and buildings are carried at their recoverable amounts, based on periodic, but at least triennial, valuations by the directors.

(c) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions liability.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax.

The company also receives revenue in from Government Grants.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(g) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability is established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(j) Intangibles

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

(k) Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
2. CASH AND CASH EQUIVALENTS		
Cash on hand	135	432
CBA - Premium 1046 0255	597,872	-
CBA - IPJS BOLS account 8253□	193	193
CBA - Holding 1017 5037	51	57
CBA - Holding saver 1023 1932	248	240
CBA - premium account BOLS 7277	241	549
CBA - Term Deposit	1,711,663	-
CBA - IPJS Victoria 8245	639	778
NZD Bank Account	10,212	-
	<u>2,321,254</u>	<u>2,249</u>
3. TRADE AND OTHER RECEIVABLES		
CURRENT		
Prepaid insurance	6,885	6,885
R&D Tax Offset Refund Due	<u>334,606</u>	<u>1,395,119</u>
Trade debtors	<u>927,685</u>	<u>1,266,243</u>
	<u>1,269,176</u>	<u>2,668,247</u>
4. PROPERTY, PLANT AND EQUIPMENT		
Office furniture and equipment	142,405	344,044
Less accumulated depreciation	<u>(71,938)</u>	<u>(249,101)</u>
	<u>70,467</u>	<u>94,943</u>
Computer and hardware equipment	323,019	351,565
Less accumulated amortisation	<u>(203,374)</u>	<u>(218,720)</u>
	<u>119,645</u>	<u>132,845</u>
Total property, plant and equipment	<u>190,112</u>	<u>227,788</u>
5. INTANGIBLE ASSETS		
Patents and trademarks	14,331	14,331
Less accumulated amortisation	<u>(8,556)</u>	<u>(7,852)</u>
	<u>5,775</u>	<u>6,479</u>

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
6. TAX		
NON-CURRENT		
Deferred tax asset	124,690	113,935
	<u>124,690</u>	<u>113,935</u>
7. TRADE AND OTHER PAYABLES		
CURRENT		
Goods and services tax	175,156	155,643
Trade creditors	86,253	25,980
Accrued expenses	79,339	52,665
Other creditors	58,205	33,202
Amounts withheld	100,317	97,988
	<u>499,270</u>	<u>365,478</u>
	<u>499,270</u>	<u>365,478</u>
8. BORROWINGS		
CURRENT		
CBA - Premium 1046 0255	-	169,021
Hire purchase liability	51,821	17,138
Less unexpired hire purchase liability	<u>(4,725)</u>	<u>(4,725)</u>
	<u>47,096</u>	<u>12,413</u>
	<u>47,096</u>	<u>12,413</u>
	<u>47,096</u>	<u>181,434</u>
	<u>47,096</u>	<u>181,434</u>
NON-CURRENT		
Unsecured loan - Mr Ray Blight	-	100,000
Convertible Notes	(a) <u>1,500,000</u>	<u>-</u>
	<u>1,500,000</u>	<u>100,000</u>
	<u>1,500,000</u>	<u>100,000</u>

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
(a) On 16 January 2015, the company issued 1,500,000 convertible notes with the following terms:		
• Each note has a face value of \$1.00		
• The notes are convertible to ordinary shares in the Company at the election of the Noteholder, however automatic conversion will occur on 30 September 2016 if the following criteria are met:		
i. aggregate revenue for the financial years ending 30 June 2015 and 30 June 2016 is equal to or greater than \$15 million		
ii. aggregate EBITDA for the financial years ending 30 June 2015 and 30 June 2016 is equal to or greater than \$1 million		
iii. by no later than 30 June 2016, the company has at least one of its products installed in 25 or more separate locations		
• If not previously converted, redemption of the notes will occur on 16 June 2018		
• Interest is payable on the notes at the rate of 5% on senior notes per annum and 9% on junior notes per annum, compounding monthly		
 9. PROVISIONS		
CURRENT		
Provision for annual leave	160,456	159,803
Provision for long service leave	66,660	68,594
	<u>227,116</u>	<u>228,397</u>
NON-CURRENT		
Provision for long service leave	<u>155,476</u>	<u>127,722</u>
 10. OTHER LIABILITIES		
CURRENT		
Income in advance	<u>831,472</u>	<u>1,046,826</u>
 11. ISSUED CAPITAL		
Ordinary shares	2,100,004	2,100,004
 12. SUBSEQUENT EVENTS		
(a) On the 18 th of August 2015 the shareholders of Alcidion Corporation Pty Ltd entered into a binding term sheet with ASX Listed Company Naracoota Resources Ltd (ASX: NRR) for the acquisition of 100% of the Alcidion Corporation Pty Ltd shares.		

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

12. SUBSEQUENT EVENTS CONTINUED

In addition to the terms and conditions that are customary to acquisitions of this nature, the acquisition is conditional upon;

1. Naracoota Resources Ltd must receive all regulatory and shareholder approvals
2. The transaction is conditional upon Naracoota Resources Ltd completing its Due Diligence investigations
3. An Independent Expert finding that the acquisition of 100% of the shares in Alcidion Corporation Pty Ltd is fair and reasonable to the existing shareholders of Naracoota Resources Ltd that are not related to the vendors of Alcidion Corporation Pty Ltd who acquire a relevant interest of 20% or more of Naracoota Resources Ltd;
4. Alcidion Corporation Pty Ltd will be Acquired with \$1.75M in net cash and no debt;
5. Naracoota Resources Ltd enter into a formal Share Purchase agreement by no later than 31 December 2015.

- (b) On the 2nd of September 2015 Alcidion Corporation Pty Ltd announced the completion of a contract for \$1.75M with the Northern Territory Department of Health to run over a 60 month period. The contract relates to the installation and commissioning of the Miya platform within the Royal Darwin and Alice Springs hospital emergency departments.

ALCIDION CORPORATION PTY LTD
ABN 62 093 148 488

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In accordance with a resolution of the directors of Alcidion Corporation Pty Ltd, the directors of the company declare that:

1. The financial statements and notes as set out on pages 2 to 12 presents fairly the company's financial position as at 30 June 2015 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. 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.

Director



Raymond H Blight

Director



Malcolm Pradhan

Dated:

9th September 2015

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ALCIDION CORPORATION PTY LTD**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

- no contraventions of the auditor independence requirements in relation to the audit;
and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN 38 280 203 274

M. D. King

M. D. King
Partner

Dated this 8th day of September 2015

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCIDION CORPORATION PTY LTD

Report on the Financial Report

We have audited the accompanying financial report on pages 2 to 13, being a special purpose financial report of Alcidion Corporation Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2015, the trading profit and loss statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the needs of the shareholders.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements relating to audit engagements.

CHARTERED ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000

GPO Box 11050
Adelaide SA 5001

Telephone: +61 8 8409 4333
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCIDION CORPORATION PTY LTD (CONT)

Auditor's Opinion

In our opinion the financial report of Alcidion Corporation Pty Ltd on pages 2 to 13 presents fairly, in all material respects, the financial position as at 30 June 2015 and of its performance for the year ended on that date in accordance with the basis of preparation as disclosed in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Alcidion Corporation Pty Ltd to meet the needs of shareholders. As a result, the financial report may not be suitable for another purpose.

William Buck

William Buck

ABN 38 280 203 274

M. D. King

M. D. King

Partner

Dated this 8th day of September 2015