

**29 July 2016**

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

## **Quarterly Cashflow and Activities Report**

Alcidion Group Limited (ASX: **ALC**) (**Alcidion**) (**the Company**) is pleased to release its quarterly Cashflow and activities report for the three months ending 30 June 2016 (Quarter).

### **Executive Summary**

Alcidion's first quarter following the successful reverse takeover of Naracoota Resources Limited marked the commencement of the Company's commercialisation strategy of its Miya platform.

As at 30 June 2016 the Company maintains \$5.84 million in available cash, this amount excludes the provision for an estimated Research & Development Tax Incentive of \$997k.

It should be noted, that the company received a material cash payment following the close of the FY16, resulting in the Company, as of 29<sup>th</sup> July 2016, maintaining a cash balance of \$6.16m, excluding the \$997k Research & Development Tax Incentive.

At the completion of the reverse takeover of Naracoota Resources Limited (29 February 2016), the Company had \$6.758m in cash.

During the Quarter, the Company continued its commitment to Product Development, having invested \$2.20m in Research & Development during FY16, principally focussing on the development of its highly anticipated Computerized Physician Order Entry (CPOE) platform and the deployment of this technology at our luminary site in the Northern Territory.

The Company commenced its commercialisation strategy, which in broad terms adopts an engagement strategy that will see the Alcidion Sales Team systematically engage the continuum of Australian and New Zealand healthcare organisations, whilst simultaneously seeking Value Added Resellers and Strategic Partnerships.

The healthcare industry has realized that the traditional approaches to patient flow management and cost management are inadequate to keep pace with the emerging challenges. Therefore, patient flow management solutions will be among the priorities on the investment list of healthcare organizations for highly streamlined patient flow outcomes and cost management.

### **Completion of the Reverse Takeover of Naracoota Resources**

On 29 February 2016, the Company completed the Reverse Takeover of Naracoota Resources (ASX:NRR). Both Naracoota Resources Limited and Alcidion Corporation Pty Ltd

incurred substantial one-off legal, accounting, corporate advisory and compliance expenses leading up to and post Reverse Takeover, which resulted in an estimated \$550k of outbound cash flows in FY16. The prospectus detailed an estimated \$400k of expenditure on behalf of Naracoota Resources for the Reverse Takeover and Alcidion Corporation Pty Ltd incurred \$150k of expenditure directly related to the transaction.

### **\$2.35m Memorandum of Understanding with the Western Health network**

On the 29<sup>th</sup> February 2016, Alcidion announced that it had entered into a Memorandum of Understanding for a five year, \$2.35m contract with the Western Health network, the operator of three public hospitals in the Western suburbs of Melbourne (Footscray, Williamstown and Sunshine Hospitals) to license its Miya platform and key applications including: Miya ED, Missed Results Tracker, Miya Flow and Miya Access. Western Health employs 6,500 staff and services a diverse, fast growing population of over 700,000 people.

The Miya platform provides all the necessary data to best manage patient care, from the Emergency Department through to the hospital wards. Clinicians can access individual patient information on a myriad of mobile devices and view clinical information such as pathology and radiology results as well as access clinical documentation. Furthermore, the platform identifies emerging clinical risk and highlights at risk patients to the clinicians using the system.

In the Emergency Department, clinical staff can quickly identify those patients nearing the National Emergency Access Target (NEAT) and plan care accordingly. The solution provides an overview of capacity and demand at both the ward and unit level, providing real time information about open and available beds, patients coming in (together with the admission source) and potential and confirmed ward discharges.

According to leading market research firm, Markets and Markets, the global patient flow management solutions market is estimated to grow at a CAGR of 22% from 2014 to 2019, to reach \$678.4 million by 2019 from \$251 million in 2014.

### **Research & Development Tax Incentive**

During FY16 the Company expensed \$2.20m in Product Research & Development. The Company avails itself of the Federal Government Research & Development Tax Incentive programme, that provides a 45% cash rebate for qualifying Research & Development Expenditure.

The Company is presently in the process of preparing the FY16 Research & Development Tax Incentive and has made a provision of at \$997k (unaudited).

The Company intends to re-align its resources towards increasing expenditure in Sales & Marketing and reducing expenditure in Research & Development during the next quarter.

### **Appointment of Mr. Brian Leedman to Alcidion Board**

On 28 July 2016 the Company announced the appointment of Mr. Brian Leedman to the Board of the Company. This move comes at a pivotal time for Alcidion as the Company looks to expand market share of its award-winning Miya Platform product internationally.

Mr. Leedman is the co-founder of Resapp Health (ASX:RAP) where he serves in the role of Executive Director and Vice President of Corporate Affairs

The appointment coincides with major technical and market advancements for Alcidion, with the Company recently announcing enhanced features for its award-winning Miya Platform. The new version, extends the product's architecture to support Physician Order Entry (CPOE) and Smartforms - features key to increasing clinician productivity and mitigating clinical risk.

### **Product Development**

In FY16 the Company invested \$2.24m in R&D, inclusive of \$465k during Q4. Alcidion made significant progress over the course of the past year in the investigation, adoption and integration of industry standard technologies into its Miya Platform and Integration Engine. This move to standardised technology results in substantial efficiency gains in software development and a decreased cost of deployment.

### **Computerized Physician Order Entry (CPOE) platform**

In FY16 Alcidion invested \$1.505m developing a Computerized Physician Order Entry (CPOE) platform, in the form of a Best Practice Pathology Ordering product that automates the electronic ordering of pathology for ED physicians.

This product is an excellent example of the application of the Miya Platform to real life, clinical decision support – the essence of the Miya product set. The build of the product was commissioned by NT Health and having cleared Alcidion internal Factory Acceptance Testing, the product was delivered to NT Health for their User Acceptance Testing in March 2016, with an expected “go live” date of October 2016.

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

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

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

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

### **North American Expansion**

Alcidion maintains its focus on expanding its operations into the North American marketplace. Alcidion has entered into a non-binding discussion with a major North American healthcare technology provider. In the United States, the healthcare Information Technology market is swelling, thanks to the federal government’s legislative and financial

incentives for technological progress. While most industries have adopted technology much earlier, the healthcare industry is really just now catching up.

These changes are coming in waves. The first wave encouraged digital infrastructure and electronic health records adoption, a market which is now maturing. This wave was initiated in 2009, when Congress passed the Health Information Technology for Economic and Clinical Health (HITECH) Act, which offered healthcare providers a carrot and stick approach to adopting meaningful use of this technology. This act incentivized hospitals, medical groups and doctors' offices with more than \$30 billion to change from paper patient medical records to electronic medical records (EMRs), and use them in a meaningful way.

The Affordable Care Act (ACA) in 2010 set the stage for the second wave of technology, which builds on EMR adoption by adding performance and quality reporting metrics into the mix. The ACA changes the payment paradigm in healthcare by tying revenue to value and outcomes, versus volume of patients seen. Thus, new technologies are necessary for gathering, sharing and analysing vast amounts of data to manage the health of an entire patient population. Other technologies are addressing connectivity and interoperability issues, since moving to a value-based outcomes model requires better care coordination.

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

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

### **FUJIFILM Strategic Relationship**

On 3 June 2016, Alcidion announced that its strategic partner, FUJIFILM Medical Systems had received a purchase order for an intelligent Cardiovascular Information System (iCVIS) for Sunshine Hospital in the Gold Coast.

Synapse iCVIS is built upon Alcidion's Miya health informatics platform and is designed to improve cardiology care and analysis, using smart clinical software, with the specific aims of improving workflows, clinician efficiency and patient safety.

The FujiFilm Group is considered a global leader in the Cardiovascular Informatics market, and a dominant player in cardiovascular space, boasting 80% market share of the hospital cardiology Imaging and reporting software in Australia and New Zealand and a 100% retention of clients over a 15 year period. The FUJIFILM relationship is a pivotal strategic partner for Alcidion, with the Cardiovascular Information Systems marketed estimate to be \$917 million (USD) by 2020.

Alcidion has seen an acceleration in the interest and rollout of the intelligent Cardiovascular Information System in the past year, as the product begins to gain real traction in the marketplace in both Australia and New Zealand.

### ENDS ###

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### **About Alcidion**

Alcidion Group Limited (ASX:ALC) is a publically 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](http://www.alcidion.com)

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

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

Name of entity

**ALCIDION GROUP LIMITED**

ABN

**67 164 877 203**

Quarter ended ("current quarter")

**30 June 2016**

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter Consolidated (June 2016) \$A'000	Year to date Consolidated (12 months) \$A'000
1.1	Receipts from customers	541	955
1.2	Payments for		
	(a) staff costs	(909)	(1,314)
	(b) advertising and marketing	(72)	(110)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(436)	(967)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	13	88
1.5	Interest and other costs of finance paid	0	(0)
1.6	Income taxes paid	-	-
1.7	Other (ATO Refunds)	(21)	(12)
	<b>Net operating cash flows</b>	<b>(884)</b>	<b>(1,359)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	<b>Current quarter Consolidated (March 2016) \$A'000</b>	<b>Year to date Consolidated (9 months) \$A'000</b>
1.8 Net operating cash flows (carried forward)	(886)	(1,362)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(5)	(5)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities – NexGen Networks	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(5)</b>	<b>(5)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(889)</b>	<b>(1,364)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	2,000
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	(7)	(11)
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (Share issue costs)	-	(168)
<b>Net financing cash flows</b>	<b>(7)</b>	<b>1,820</b>
<b>Net increase (decrease) in cash held</b>	<b>(896)</b>	<b>456</b>
1.21 Cash at beginning of quarter/year to date	6,741	5,389
1.22 Exchange rate adjustments to item 1.21	-	-
<b>1.23 Cash at end of quarter</b>	<b>5,845</b>	<b>5,845</b>

+ See chapter 19 for defined terms.

## Payments to related entities of the entity and associates of the related entities

	Current quarter Consolidated \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	(274)
1.25 Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Director's wages, superannuation and reimbursements.

## Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

-

## Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	\$200	\$0
3.2 Credit standby arrangements	\$305	\$21



**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		<b>Current quarter Consolidated (June 2016)</b> \$A'000	<b>Previous quarter Consolidated (March 2016)</b> \$A'000
4.1	Cash on hand and at bank	2,528	2,174
4.2	Deposits at call	3,117	4,367
4.3	Bank overdraft	200	200
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>5,845</b>	<b>6,741</b>

## Acquisitions and disposals of business entities

	<b>Acquisitions (Item 1.9(a))</b>	<b>Disposals (Item 1.10(a))</b>
5.1	Name of entity	Alcidion Corporate Limited
5.2	Place of incorporation or registration	Australia
5.3	Consideration for acquisition or disposal	As detailed in the Prospectus released on 7 December 2015
5.4	Total net assets	As detailed in the Prospectus released on 7 December 2015
5.5	Nature of business	Health Informatics Technology Business

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

**Loren Jones**  
**Company Secretary**  
29 July 2016

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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