

29 November 2016

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

Chairman's Letter

Dear Fellow Shareholders,

Alcidion Group Limited (Alcidion or Company) is pleased to present its Annual Report for the financial year ended 30 June 2016 (FY16 or Period).

Alcidion is focussed on anticipating the needs of the health care industry and we are focused on accelerating the commercialization of our innovative technologies that help create a healthier tomorrow, today.

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 and service performance.

The core of Alcidion's business model 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.

On 29 February 2016, the Company listed on the Australian Securities Exchange (ASX) via a reverse takeover of Naracoota Resources Limited.

The Company secured \$2m of new equity upon the completion of the reverse takeover. The Company finishes the Period in a healthy financial position, with \$5.85m in cash, minimal debt and a \$1m provision for the R&D Tax Incentive.

The Company is pleased to report on the key highlights for FY16:

- Completion of the ASX listing as Alcidion Group Limited (ASX: ALC).
- Deployment of three new products (Clinic, Best Practice Orders Sets and Access Bed Management) to paid beta site customer environments.
- Deployment of our Critical Test Results Management technology across the NT.
- Strengthened our relationship with Fujifilm Australia securing additional sales of the intelligent Cardiovascular Information System (iCVIS).
- Development of a cloud based Data Acquisition Technology for the National Echocardiogram Database of Australia.
- Appointment of Resapp Health co-founder Mr. Brian Leedman to the Board.

Additionally, after the close of FY16, we announced that we had entered into 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.

In FY16, the Company invested \$2.24m 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 has seen a substantial decrease in the cost of deployment.

Alcidion invested \$1.5m in developing a Computerized Physician Order Entry (CPOE) platform, in the form of a Best Practice Pathology Ordering platform that automates the electronic ordering of pathology tests for Emergency Department physicians.

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:

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

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For further information, please contact:

Nathan Buzza, Executive Director
Ph: +61 (0) 488862222
Alcidion Corporation
nathan.buzza@alcidion.com

Ray Blight, Chief Executive Officer
Ph: +61 (08) 8208 4600
Alcidion Corporation
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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