

Appendix 4E and Annual Report for the year ended 30 June 2018

Details of the reporting period

This Appendix 4E and attached Annual Report under ASX listing rule 4.3A covers Alcidion Group Limited and its controlled entities. Except where stated otherwise, all figures relate to the year ended 30 June 2018 and the previous corresponding period to the year ended 30 June 2017.

Results for announcement to the market

	Consolidated 2018	Consolidated 2017	Change
Revenue	4,179,487	3,458,111	21%
Net loss after tax	(2,089,313)	(2,060,980)	(1%)
Underlying loss before tax *	(1,494,447)	(1,355,106)	(10%)
Basic earnings per share (cents)	(0.34)	(0.34)	0%
Diluted earnings per share (cents)	(0.34)	(0.34)	0%

* The underlying loss before tax is a non-IFRS measure used to present the ongoing activities of the Group. It excludes the M&A activity expenses of \$640,806 in 2018 and Share-based payment expense of \$684,000 in 2017.

Dividends per security

No dividends were paid or proposed for the current or previous corresponding period. On 31 August 2018, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2018.

	2018 Cents	2017 Cents	Change
Interim dividend	Nil	Nil	-
Final dividend	Nil	Nil	-

Net tangible assets per security

	Consolidated 2018	Consolidated 2017
Net assets	3,333,246	5,422,559
less intangible assets	(1,193,182)	(78,804)
Net tangible assets	2,140,064	5,343,755
Ordinary shares	607,779,957	607,779,957
Net tangible assets per security – book value	\$0.004	\$0.009

Entities over which control has been gained or lost

The Group has obtained control over the following entities during the year ended 30 June 2018:

	COUNTRY OF INCORPORATION	CLASS OF SHARES	2018 %
Oncall Systems Ltd	New Zealand	Fully paid	100
Oncall New Zealand Ltd	New Zealand	Fully paid	100

Details of associates and joint ventures

The Group does not have any associates or joint ventures.

Commentary on the results for the period

Further commentary on the FY18 annual results can be found in the 'Operations Review' section within the attached Annual Report.

Audit

This Appendix 4E and Annual Report for 30 June 2018 are based on the consolidated financial statements which have been audited by the company's auditor, William Buck.



MEDICAL

Health Care
Doctor
Hospital
Pharmacist
Nurse
Dentist
First Aid
Surgeon
Emergency



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Doctor
Hospital
Pharmacist
Nurse
Dentist
First Aid
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Emergency

Alcidion Group Limited (ASX:ALC) Annual Report 2018

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Corporate Directory

Current Directors (Alcidion Group Limited)

Name	Position	Date of Appointment
Mr. Ray Blight	Executive Chairman	22/02/2016
Prof. Malcolm Pradhan	Executive Director	22/02/2016
Mr. Nick Dignam	Non-Executive Director	22/02/2016
Mr. Geoff Rohrsheim	Independent Non-Executive Director	01/08/2017
Ms. Rebecca Wilson	Independent Non-Executive Director	01/08/2017
Ms. Kate Quirke	Executive Director	02/07/2018

Previous Directors

Name	Position	Date of Resignation
Mr. Nathan Buzza	Executive Director	31/07/2017
Mr. Brian Leedman	Non-Executive Director	31/07/2017

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c/- BDO Australia (Adelaide)
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Principal place of office

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Auditors

William Buck
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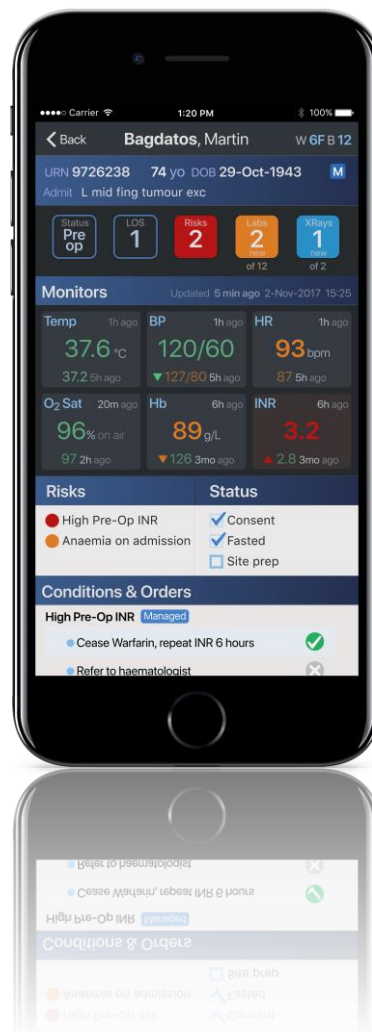
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Accountants

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Stock Exchange

Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

ASX Code: **ALC**

Company Secretary

Mr Duncan Robert Craig

Registers of securities

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street,
Adelaide SA 5000



Chairman's Letter

Dear fellow shareholders,

I am pleased to present Alcidion's Annual Report for the financial year ended 30 June 2018 (FY2018).

This past financial year has been transformative for Alcidion, both in terms of advancing our technology and our business.

On the technology front, we have invested in a new technical architecture within the Miya platform, thereby creating a next-generation technology asset which further differentiates us from our competitors and strengthens our value proposition.

Specifically, the new Miya platform puts us in an even stronger position to address preventable errors – which lead to avoidable complications, injury and death and which remain a major issue in modern healthcare. In this era where hospitals have more data than ever before, the new Miya Precision platform can monitor patient event data across the entire healthcare enterprise and alert clinicians to emerging patient risk, in near-to-real time. We liken it to the use of virtual sensors, which can be quickly and cheaply deployed, to monitor data across multiple sources and flag potential risks to the patient at any given time, based on clinical best practice. The new architecture enables rapid implementation of a range of performance metrics, artificial intelligence and decision support capabilities, ensuring consistent quality of care while also increasing the productivity of hospital staff.

The evolution of our business has been equally impressive and is evidenced by two important acquisitions: Oncall New Zealand Ltd in FY2018 and MKM Health Pty Ltd (including Patienttrack Holdings) in early FY2019. Merger and acquisition (M&A) activity was identified in our growth strategy at the time of our ASX listing in 2016, and was vigorously pursued during FY2018, with great success.

MKM Health and Patienttrack acquisition

The MKM Health and Patienttrack acquisition (which completed on 2 July 2018) is the larger of the two acquisitions and brings benefits on many fronts.

The Patienttrack product suite is highly synergistic to the Miya platform, and is an important extension to the Group's product set. Patienttrack which is used to monitor and analyse vital signs, collected via a mobile device at the bedside, is focused on patient safety improvement, clinical workflow improvement, real-time clinical risk management, all while providing very important bedside support for both nursing and medical staff.

Patienttrack's highly complementary functionality combines well with Miya technology and gives Alcidion Group a significantly differentiated platform with which to compete in the market.

The Patienttrack acquisition also contributes to Alcidion's ambitions to work with customers to maximise the use of their data to improve patient safety using predictive analytics and AI algorithms. Patienttrack customers have generated some 500 million patient vital signs. Large data sets such as these increase the value of artificial intelligence techniques, with the prospect of generating valuable new learnings about patient care that customers can then elect to feed back into real-time clinical decision making via their Alcidion assets.

The acquisition of MKM Health also greatly strengthens the strategic capabilities of Alcidion Group with its proven go-to-market capability. The company has generated impressive sales of Patienttrack in the United Kingdom, New Zealand and Australia, and has a record of long-term customer relationships with key Australian health authorities such as ACT Health (over 15 years of continuous engagement) NSW Health, Northern Territory, Tasmania & Victorian DHHS and Health Agencies. Furthermore, MKM Health has a long-standing record of winning diverse, specialist health IT advisory, implementation and integration projects across a wide range of third party health IT systems (including those of global players such as Cerner).

The Group's strategic capability is enhanced by its strong presence in the United Kingdom and New Zealand markets and greatly increased coverage of the Australian market. Our larger and more diversified customer-base now includes 20 UK National Health Service (NHS) hospitals, over 50 Australian public, private hospitals and Health Departments and 30 New Zealand hospitals.

This provides an opportunity to accelerate Alcidion's growth through cross-selling by leveraging the capacity and credibility of a much larger business, and gives us confidence in our ability to generate additional sustainable revenue growth. We are also strengthened by the growth in our critical mass, wherein we have shifted from a company with a presence in Adelaide only, to a business with offices and staff in Melbourne, Sydney, Canberra, Brisbane, Auckland, Wellington and the UK. The MKM Health/Patienttrack acquisition gives Alcidion Group a threefold increase in business size, plus a lower risk business expansion model via established customers.

In a similar vein, our financial strength has also been significantly improved via the addition of profitable new business lines and a more diversified revenue stream. The Group can look forward to more than doubling the annuity revenue in the new financial year and a smoother cash flow.

The focus for the coming 6-12 months is ensuring that we effectively integrate the Alcidion, MKM Health and Patienttrack businesses to accelerate our market expansion. In the immediate future this will require a strong focus on operational integration, which will be essential to achieving our commercial goals this year and beyond.

Finally, our sales and marketing reach is also significantly expanded through the acquisition. MKM Health has historically delivered 20% year on year growth, and we are confident of delivering continued revenue growth and building on the successful record of MKM Health's senior management team over the past four financial years.

The acquisition of MKM Health/Patienttrack was completed on 2 July 2018, just after the end of the financial year. The initial acquisition consideration for MKM Health was \$12 million, with \$10 million payable in Alcidion stock and \$2 million in cash. An Extraordinary General Meeting (EGM) of Alcidion shareholders was held in mid-June to approve the issue of Alcidion shares to MKM Health's owners as partial acquisition consideration. I would like to thank Alcidion shareholders for their overwhelming support of this resolution at the EGM, and more broadly for their support for the MKM Health acquisition. A further contingent consideration payment to MKM Health's former owners of up to \$4 million is payable in 12 months, subject to the revenue and EBITDA performance of MKM Health and Patienttrack over FY2019.

New CEO and Board appointment

As part of the MKM Health acquisition, I warmly welcome Ms Kate Quirke, to the position of Chief Executive of the Alcidion Group and an Executive Director to the Alcidion Board. Kate has led the MKM Health/Patienttrack businesses for the past four years and has been a key driver in the excellent sales performance of these businesses. She is a highly experienced executive in the health IT sector, with a long track record in sales, leadership and product management. Under her

guidance, MKM Health generated revenue of \$9.5 million in FY17 and is expected to make a significant contribution to Alcidion's financial position in the years ahead.

Kate will continue to also fulfil the role of CEO MKM Health/Patienttrack subsidiary during the balance of FY2019. Kate has been active in the Alcidion Group business, as CEO Elect, from March 2018 and has already demonstrated excellent management, commercial and technical skills in the role of Alcidion CEO. Her formal appointment as CEO Alcidion Group took effect as at the acquisition date of 2 July 2018, immediately after the finish of FY2018.

Kate has declared her intention to achieve revenue growth and work towards profitability in FY2019 for Alcidion Group, and I have full confidence in her ability to do so.

Since the MKM Health acquisition, I have moved to the role of Executive Chairman and will continue to have an active role in the company, with a focus on strengthening governance of the business, monitoring business performance and working with Kate on selected business and market development opportunities. To be clear, Kate will have operational control of the business of Alcidion Group and will be ably assisted by the General Managers of the three key subsidiaries: Alcidion Corporation, MKM Health/Patienttrack and Oncall Systems.

Oncall New Zealand acquisition

The acquisition of Oncall New Zealand Ltd, a business founded by Dr Aidan Gill, was announced to the ASX on the 2nd February 2018. Prior to that, Alcidion had a reseller arrangement for Oncall's Smartpage product suite and successfully secured Monash Health (the public network serving Melbourne's southern suburbs) as the first Australian customer. Monash Health went live with the Smartpage Clinical module for after-hours support, at both the Monash Medical Centre and the new Monash Children's Hospital on the 23rd March 2018.

The Smartpage Clinical and Orderly modules have both been proven in major acute teaching hospitals in Auckland and Wellington and are the epitome of modern, high performance software - delivered via the cloud with very little on-premise support required from the customer. This makes it faster, easier and cheaper for Alcidion to deliver an outstanding software solution. In addition, the Smartpage functions are accessible using Smartphones, thereby giving true mobile access to the care team.

These modules bring two essential capabilities to the modern hospital:

- Clinical communication and collaboration: supporting members of the care team in time critical communication with clinical colleagues to solve clinical risk issues for patients, thereby supporting earlier intervention for the priority patients, improved patient safety and less wasted time for the care team.
- Mobile task management: ability to allocate and communicate work tasks via Smartphones which greatly improves the efficiency of clinical services as well as key support services such as orderly services, special cleaning services and the tasking of emergency response teams (both medical and security).

These Smartpage capabilities are very important to the smooth, seamless flow of patients through the clinical and support services of a hospital, and their safe, early discharge. These are also the goals for Alcidion's flow and bed management products and Smartpage amplifies the value of Alcidion's established products to customers. For example, the Miya Flow boards can display time critical intelligence from Smartpage to all members of the care team.

Business progress and strategy

The two acquisitions completed in FY2018 and early FY2019 give Alcidion Group a diversified product platform including: Miya (Alcidion), Patienttrack (MKM Health) and Smartpage (Oncall), and now specialist IT capabilities across sales and advanced service delivery.

The contracts secured in the short time since the acquisition of MKM Health provide further evidence of the strong impact we expect our recent acquisitions to have on the performance of the Group. In May 2018, Patienttrack signed contract extensions for the continued and expanded use

of Patienttrack software in four of its flagship NHS Trusts in England and Scotland; and MKM Health secured a three-year development and support contract with eHealth NSW, which is worth up to \$3.8 million over the life of the contract. These type of contract wins are exactly the reason we have entered into acquisition agreements with MKM Health and Patienttrack, and provide further support for the ability of our expanded customer base to generate growth opportunities, and a platform across which new solution capability can be sold.


Overall, the MKM Health acquisition has been a highly important and strategic decision for Alcidion and I believe it will drive improved innovation and efficiency for our shareholders and our customers, as well as provide additional size, resources and credibility for MKM Health and Patienttrack's existing and prospective customers.

Product differentiation and technological evolution remain a core component of Alcidion's mission as we continue to develop and extend our products and solutions in our Miya Precision platform. Alcidion's ability to provide a cloud-based offering across the entire Miya platform has now been completed and is currently being launched in-market. Additional Miya product extensions such as Miya Revenue and Reimbursement Manager and our enhanced Miya Patient Flow solution have also been recently launched and will be a key area of focus for the sales and marketing teams in the coming year, particularly as they represent a further point of product differentiation.

The objective ahead is to transition our business from a technically focussed, development-oriented company to one with a highly competitive offering, a strong market proposition and a demonstrated ability to deliver. This transition will be a focus of the year ahead and will be supported by disciplined management to ensure we leverage the combined capabilities of our acquisitions, so we can achieve profitability in FY2019 and accelerated growth beyond.

The Operational Review on the following pages will expand on many of these highlights in more detail.

From a financial perspective, Alcidion generated revenues of \$3.15 million in FY2018 (FY2017: \$2.38 million) and a further \$1.056 million from the R&D tax rebate. As at 30 June 2018, the company had a closing cash balance of \$2.89 million. Alcidion reported a net loss after tax of \$2.08 million, which included operating expenses of \$6.37 million. Alcidion's revenue and cash flow performance is expected to improve as we move into the first half of FY2019, particularly considering the acquisition of MKM Health and the significantly enhanced operational and financial scale of the business.



“The enhanced Alcidion Group is uniquely positioned to offer solutions that support high performance in a clinical setting, better and faster decisions and improved patient care.”

As we look to the year ahead, I believe Alcidion is very well placed to deliver value for our shareholders. The new Miya Platform and the integration of MKM Health/Patientrack and Oncall Smartpage will provide significant opportunities and synergies and we remain confident of the strong underlying industry outlook for the hospital and healthcare sector. The enhanced Alcidion Group is uniquely positioned to offer solutions that support high performance in a clinical setting, better and faster decisions and improved patient care.

Finally, I would like to take this opportunity to thank my fellow Board members and all Alcidion employees for their hard work over the past twelve months. I would also like to thank our shareholders for your ongoing support – I look forward to sharing more success with you in the year ahead.

Yours faithfully,



Mr Raymond Blight
B Tech, B Ec, MBM, FIE (Aust), FAICD
Chief Executive Officer & Chairman
Alcidion Group Limited

Operations Review

Highlights:

- Significant strategic progress in FY2018, with the completed acquisition of Oncall Systems, and of MKM Health and Patientrack Holdings on 2 July 2018, subsequent to the year end.
- Continued investment in core Miya platform, with new Miya architecture (Miya Precision) developed to provide real-time analytics and Artificial Intelligence capability
- Development of complementary cloud-based offering across entire Miya platform, with some co-investment from technology partners
- Growth in customer base via acquisitions and business development. Customer base now includes 20 NHS hospitals, over 50 Australian public and private hospitals and 11 NZ District Health Boards
- Several new contracts and project implementations over FY2018 including supply of Smartpage solution to Monash Health and MKM Health reseller agreement with NextGate Solutions Inc.
- Attractive outlook for FY2019, with continued focus on integration of Alcidion, MKM Health, Patientrack and Oncall Systems, launch of new products and/or product extensions and leveraging cross-selling opportunities across enhanced customer base

Alcidion has made significant operational and strategic progress over FY2018 in several areas. We continued to evolve our core Miya technology to remain at the forefront of health analytics and provide a compelling healthcare product proposition. In addition, our acquisition strategy was also executed successfully over the period with the announcement of the transformational MKM Health and the complementary Oncall Systems purchases.

Acquisitions

Growth via acquisition has been an important part of Alcidion's strategy during this financial year, both to expand our customer base and to enter new and attractive, fast growing international markets. Our acquisition focus has been on complementary businesses that provide innovative and specialist healthcare informatics products or service offerings, as well as an expanded client base.

In April 2018, we announced we had entered into acquisition agreements to acquire MKM Health and its affiliate Patientrack, including their subsidiaries in the UK, Australia and NZ. The acquisition was completed on 2 July 2018 following the receipt of Alcidion shareholder approval, at an Extraordinary General Meeting, to issue Alcidion shares as part consideration to the former MKM Health and Patientrack owners (total acquisition consideration of \$12 million with \$10 million scrip consideration, equivalent to 198 million Alcidion shares).

Overview of MKM Health

MKM Health was founded in 2003 as a Health IT consultancy firm by three senior ex-Deloitte health IT consultants. Today, it has diversified revenue streams generated from a range of services and software products within the digital healthcare sector.

MKM Health generates service revenues in the specialist areas of healthcare IT implementation, integration and data management. The company has a strong team of health IT specialists with proven technical expertise and experience working with a range of healthcare providers and all major health IT software platforms.

MKM Health has been Patientrack's IT service provider since collaborating to develop the initial Patientrack product. MKM Health managed the initial clinical trial of the Patientrack software in the UK before merging its UK business with Patientrack in 2011. MKM Health is Patientrack's sole distributor in Australia and NZ. Over the last three years it has sold Patientrack to five district health boards in NZ and two large public health services in Australia, giving it not only first-mover advantage but a dominant share of the emerging Australian and NZ markets.

As well as Patientrack and its own health IT solutions, MKM Health is increasingly being approached to resell, implement and support other specialist health software solutions on behalf of overseas suppliers who recognise MKM Health's strong positioning in the Australian and NZ healthcare markets.

MKM Health and Patientrack have more than 80 customers including NHS Acute Trusts in the UK and public and private hospitals and healthcare groups in Australia and NZ.

The businesses employ 45 full time employees in Australia and NZ and nine full time employees in the UK, all of whom have been transitioned across to the combined Alcidion group.

In the 12 months to 30 June 2017, MKM Health and Patientrack generated revenues of \$9.5 million and NPAT of \$0.7 million.

The strategic rationale for Alcidion's acquisition of MKM Health is strong. It is consistent with Alcidion's planned international expansion strategy, particularly in the attractive and fast growth UK market, where the Alcidion Group will now have a significant number of NHS Trusts as key customers. This represents a lower risk and lower cost market entry compared to organic expansion by Alcidion into this market.

Following the acquisition, Alcidion also has expanded healthcare system integration, implementation and software support capabilities. These type of specialist technical skills are attractive to both individual healthcare providers and state health agencies as they strive to build comprehensive health informatics platforms, a necessary basis to deliver truly integrated and efficient healthcare.

Alcidion now has increased financial and operational scale, supported by an expanded specialist sales and marketing team across three key markets. This will provide increasing opportunities to cross-sell a suite of leading products to a larger customer base, enabling more intelligent, accurate and faster decision making in a hospital and healthcare setting.

A key feature of both the Patientrack and Miya platform is that they have been built to integrate seamlessly with each other and with other technology platforms. Alcidion has already demonstrated

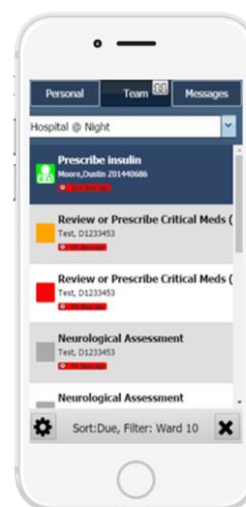
this with Smartpage (acquired via the Oncall Systems acquisition) which effectively integrates with Miya Patient Flow and Miya Access (bed management) to enhance their existing product functionality.

Prior to the acquisition, Alcidion had already successfully demonstrated the combined value of incorporating Patienttrack capabilities with Miya Precision to several key customers. This capability has already been demonstrated in FY2019, with a contract for the first fully-integrated Miya, Smartpage and Patienttrack solution being signed with ACT Health in July 2018. The full integration of these leading technologies will allow Alcidion to expand its reach into the connected care setting and potentially into the home.

Overview of Patienttrack

Patienttrack is a complete digital and mobile bedside solution, proven to enhance patient safety, and the quality and efficiency of care in one easy-to-use application. It assists hospitals to improve patient care by planning and performing patient observations, assessments and clinical documentation at the bedside, thereby ensuring the early detection of, and timely clinical response to, deteriorating patients and those at risk 24 x 7. Patienttrack has a large and long-standing customer base with more than 80 hospitals spread across the UK, and public and private hospital and healthcare groups in Australia and NZ.

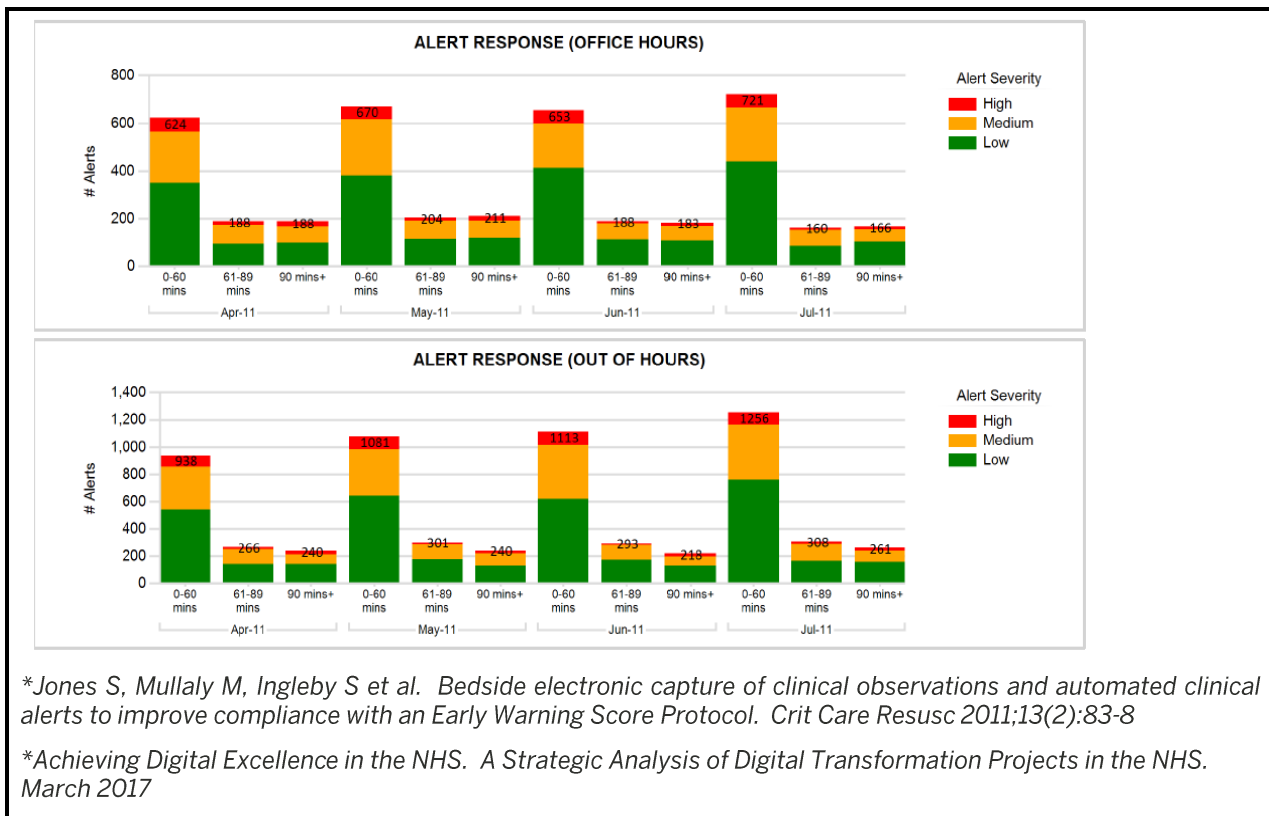
Manchester University Hospital NHS Foundation Trust is the largest NHS Trust in England and manages nine hospitals including the UK's largest children's hospital. It was the initial pilot site for Patienttrack, where a published clinical trial in 2011 proved the benefits of Patienttrack's software. This externally validated trial showed significant reductions in length of stay, cardiac arrests and unplanned ICU admissions.



Why do customers use Patienttrack?

In multiple clinical trials Patienttrack delivered dramatic results in improved patient outcomes & economic benefits

- Hospital length-of-stay reduced by 20%
- 80% reduction in cardiac arrests
- High risk admissions to ICU fell from over 10% to under 5%
- Saved thousands of hours after seeing a two-third reduction in time spent performing observations
- Early intervention in deteriorating patients improved significantly with reductions in the wastage of care team time and resources
- Calls to the medical emergency team have fallen by one-fifth



An important acquisition that occurred during FY2018 was that of Oncall Systems, a leader in advanced clinical messaging and mobile task management systems for hospitals and allied healthcare. Oncall Systems have designed, developed and commissioned the Smartpage product set, a modern cloud-based clinical communication and task management solution that has three modules for Clinical, Orderly and Emergency.

Since the completion of the acquisition in February 2018, integration work between Miya Precision and Smartpage has created a highly differentiated market proposition for Miya Patient Flow because of the ability to increase the efficiency of patient transits through hospitals.

The Oncall acquisition has also given Alcidion an established customer base in New Zealand with two of the largest District Health Boards now Alcidion customers. Overall, the Oncall acquisition offers significant growth potential for Alcidion, particularly as Smartpage can also be offered as a standalone solution. This allows Alcidion to competitively price the product outside of the premium cost structures of Miya Patient Flow, making it easier to target a broader customer segment.

The initial consideration for Oncall Systems was NZ\$750,000 in cash and this was incurred in the company's accounts in Q3 FY2018. The second component of the Oncall Systems consideration is a purchase price uplift to be paid based on Oncall's Systems revenue performance in the first 18 months under Alcidion ownership. This is not expected to be paid by Alcidion until FY2020.

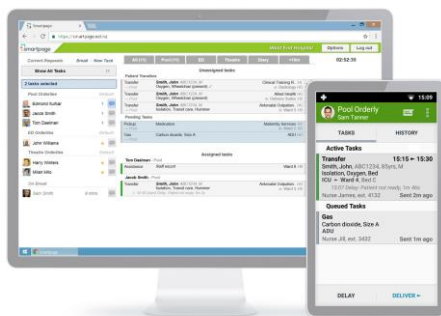
Overview of Smartpage

Smartpage create modern clinical messaging systems that improve communication, make hospitals better, and save lives. Smartpage offers three modules – clinical, orderly and emergency.



Smartpage Clinical is the next generation web and smartphone messaging platform that replaces hospital pagers

- **Instant two-way messaging**
- **Secure photo messaging**
- **Workflow and productivity tools**
- **Comprehensive clinical handover**



Smartpage Orderly is the next generation orderly management platform for e-ordering and mobile dispatch

- **Ward based electronic orderly ordering**
- **Instant mobile dispatching**
- **Self and auto dispatch modes**
- **Visibility into tasks all over the hospital**



Smartpage Emergency is the next generation replacement for critical emergency pagers

- **Drop in emergency replacement**
- **100% delivery guarantee**
- **Lightning fast emergency messaging**
- **Instant team read and activation receipts**

Business Development

In October 2017, Alcidion was contracted to supply a stand-alone Smartpage solution to Monash Health, a large public hospital network in Victoria, comprised of five sites. This is a three-year contract with an option to extend by a further two years, and a contract value of approximately \$500,000 in the event the contract is for a five-year term.

In March 2018, the Smartpage clinical module went live at Monash Medical Centre and Monash Children's Hospital, on time and on budget. Full roll-out to the remaining Monash public hospitals is

planned within the coming year. The system will provide Monash with out-of-hours clinical task management that delivers two-way instant communications between clinical staff, to increase productivity and improve patient care. This solution is attractive to hospitals as it helps provide optimum patient care, particularly after hours when staff numbers are reduced.

Another exciting development during the year was Alcidion's work to advance technologies designed specifically to minimise the need for hospital admissions. This work has been supported by an MTP (Medical Technologies and Pharmaceuticals Industry Growth Centre in Australia) Grant awarded in October 2017 to a consortium, of which Alcidion is the industry lead. This program focuses on deploying Miya Precision in the cloud to provide Artificial Intelligence services that will support better clinical decision making in cardiology services provided to approximately 700 heart patients in rural and remote South Australia. This grant will result in Alcidion receiving approximately \$170,000 in net funding.

In May 2018, Alcidion announced that MKM Health had entered into an agreement with NextGate Solutions Inc., a global leader in healthcare enterprise identification, to become an authorised reseller of NextGate's flagship Enterprise Master Patient Index (EMPI) and Provider & Organisation Registry software in both Australia and New Zealand. This partnership with NextGate establishes MKM Health as a regional provider of implementation and support services to NextGate customers. MKM Health had, prior to Alcidion's ownership, entered into a multi-year implementation and support contract with NextGate to support the Department of Health and Human Services (DHHS) deployment of NextGate's EMPI technology across the Victorian Public Health Sector.

This NextGate reseller agreement is also strategically important for the Alcidion Group as it will allow MKM Health to extend its scope of system integration and data management services offered to the Australian and New Zealand healthcare sectors, and potentially leverage this technical experience to win other contracts within the healthcare sector.

Subsequent to the balance date, Alcidion signed a \$4.75 million contract with ACT Health to deploy the first fully-integrated Miya Flow, Smartpage and Patientrack Electronic Journey Board solution. This collaboration between Alcidion, MKM Health and Oncall Systems is significant for the Group as it demonstrates the ability of Alcidion's solutions to integrate and is also an example of Alcidion's cross-selling capabilities which will play an increasing role in our business development strategy for FY2019.

Technological Innovation

Technological innovation and evolution is at Alcidion's core and has been a key focus over the past twelve months to strengthen the company's position as a key player in the health analytics market.

Advancements made during FY2018 include the launch of Miya Revenue and Reimbursement Manager, an enterprise analytics solution that utilises AI and machine learning to identify, in real-time, individual patient clinical complexities which require care in addition to the treatment needed for the principal diagnosis. Hospitals routinely provide this supplementary care but rarely claim the additional legitimate reimbursement. A recent study by Alcidion of 30,856 hospital cases discovered that over 75% had one or more additional conditions detected that were not documented. This is significant because a complex patient can cost more to treat due to a longer hospital stay, is more resource intensive and is at a higher risk of adverse events. For a hospital to receive the appropriate revenue for each patient, the complexity level must be documented and confirmed by the treating clinician. Miya Precisions powerful real-time analytics, presents physicians with the identified complexities, on any device, and enables confirmation with a single touch. Referrals and treatment protocols can then be automated to ensure proper treatment and reimbursement for the identified complexities.

Miya Revenue and Reimbursement Manager will enable hospitals, particularly in the private sector, to properly identify patient risk, claim additional reimbursement and reduce the risk of billing queries and clawback. This product will be a key focus for the sales and marketing team in the coming year as safety and quality become increasingly important with the adoption of an Activity Based Funding (ABF) model.

Another key technology focus for Alcidion has related to overcoming the healthcare IT industry challenge of data interoperability. This was identified as one of the top three challenges facing healthcare IT in 2018 according to a leading industry news source, Healthcare IT news. Anticipating this trend a number of years ago, Alcidion began developing Miya Precision, the world's first real time, fully interoperable healthcare analytics platform. Based on the new global healthcare information standard Fast Healthcare Interoperability Resources (FHIR) Miya Precision has been designed to power all our solutions with real-time analytics and is designed to "bring clinical data to life". Miya Precision is a next generation platform that solves clinical problems with AI, clinical decision support and real time alerts to reduce clinical risk and prevent poor patient outcomes. The product includes thousands of pre-configured metrics that allow clinicians and hospital staff to get data on anything from hospital operations for monitoring patient flow, to specialty-specific metrics right down to complexity metrics and deterioration risk of an individual patient.

As large public health boards have made substantial investments in Electronic Medical Records (EMR) and Electronic Health Records (EHR), it has become increasingly apparent that these systems have simply become a data repository within the clinical IT environment. While they remain an important enabler, they contain stand-alone data elements that cannot be accessed or used with other data sources to drive clinical outcomes. Miya Precision directly addresses this problem, enabling healthcare information to be standardised making it portable to any clinical environment. AI and machine learning provides information and insights within the patient context, whilst data and AI governance ensure that Miya Precision can deploy clinical AI at scale safely.

We have also invested in developing a complementary cloud-based product offering across the entire Miya product platform over FY2018. Our technology partners have been greatly supportive of this effort, co-investing to fully enable our cloud infrastructure. Miya Precision is now available to be delivered in the cloud and we anticipate our first sale of our cloud offering in the coming financial year.

Looking ahead over the next twelve months, from a technology perspective, we will be focusing on fully integrating and optimising our solutions portfolio, Miya, Patientrack and Smartpage, to maximise product functionality and differentiation.

Additional products and product extensions are also scheduled to be launched throughout the coming year including Digital Critical Notifications and Results Acknowledgement, both of which are currently highlighted as gaps in the market and areas of high customer demand. We expect these product extensions to be launched in H1 FY2019.

Outlook

The outlook for FY2019 is an exciting one which we believe will provide us with many commercially attractive opportunities that the enhanced Alcidion Group will be well positioned to take advantage of. Our strengthened Executive Management Team have identified several business development and technology initiatives to drive additional revenue streams.

Integration of the MKM Health, Patientrack and Oncall Systems acquisitions will continue with a focus on cross-selling our enhanced product and systems capabilities across the broader international customer base.

We look forward to updating you of our continued progress in the months ahead.



MEDICAL

Health Care
Doctor
Hospital
Pharmacist
Nurse
Dentist
First Aid
Surgeon
Emergency



Health Care
Doctor
Hospital
Pharmacist
Nurse
Dentist
First Aid
Surgeon
Emergency

Financial Results FY2018

Directors' Report

The directors of Alcidion Group Limited ("Alcidion" or the "Group" or, the "Company") submit here with the annual financial report of the Group for the year ended 30 June 2018 (Report).

Directors

The names and particulars of the directors of the Company in office during the year and until the date of this report are as follows.

Directors were in office for the entire year unless otherwise stated.



Mr Raymond Blight

Executive Chairman (appointed 22 February 2016)
B Tech, B EC, MBM, FIE (AUST), FAICD

Ray is the co-founder, Chairman and Chief Executive Officer of Alcidion. He brings a wealth of public and private sector healthcare experience and knowledge to Alcidion including the role of the Chief Executive Officer and Chairman of the South Australian Health Commission from 1994 – 1998 and Chair of the Australian Health Ministers' Advisory Council.

Ray's qualifications include the awards of Bachelor of Technology (Electronics), Bachelor of Economics and Masters of Business Management from the University of Adelaide. He is a fellow of the Institution of Engineers and the Australian Institute of Company Directors.

Ray currently chairs the University of SA Information Technology and Mathematical Sciences Advisory Board.



Ms Kate Quirke

Chief Executive Officer & Executive Director (appointed 2 July 2018)
B Applied Science

Kate has more than 25 years of experience in the healthcare information technology sector. She has been CEO of MKM Health since December 2015 and prior to this was Sales & Marketing Director for MKM Health for 4 years. MKM Health revenues grew 2.5x over Kate's tenure with the company.

Kate has also held leading management roles at various healthcare software firms and has been involved in large systems implementations across Australia and Asia Pacific. She was a member of the Management buyout team that created iSOFT Asia Pacific from the healthcare product business at CSC.



Professor Malcolm Pradhan

Executive Director
Appointed 22 February 2016
MBBS, PhD, FACHI

With over 20 years of experience in Medical Informatics, Malcolm Pradhan is one of the world's leading minds in Clinical Decision Support. Prior to co-founding Alcidion in 2000, Malcolm was the Associate Dean of IT and Director of Medical Informatics, University of Adelaide. During his time at the University of Adelaide, Malcolm provided thought leadership and conducted research into applications of clinical decision support, and into optimum uses of a variety of statistical and probabilistic methods for applying clinical decision support. He also was active in the Australian health informatics community, as a founding fellow of the Australasian College of Health Informatics (ACHI).

In 2009 Malcolm was awarded the title of Adjunct Professor at the University of South Australia, and performs a leadership role within UniSA's academic organisation – as an educator and a researcher.

Malcolm's broad knowledge and vision of the path to a high-performance healthcare system are complemented by formal qualifications of an MBBS from University of Adelaide, and a PhD in Medical Informatics from Stanford University.



Mr Nick Dignam

Non-Executive Director
Appointed 22 February 2016
B.Com, LLB, MAppFin

Nick Dignam is an Investment Director at Blue Sky Private Equity and is responsible for originating new investment opportunities, working with portfolio companies to deliver growth and managing exit processes. Nick has more than ten years' experience working in private equity and corporate finance roles. In addition to serving as a Director of Alcidion, Nick is also currently a Non-Executive Director representing Blue Sky on the Boards of HPS, the largest outsourced hospital pharmacy services business in Australia; Wild Breads, a leading producer of artisan breads; and GM Hotels, a portfolio of ten hotels in South Australia.

Nick holds a Bachelor of Commerce and a Bachelor of Laws from the University of Queensland, and a Masters of Applied Finance from Queensland University of Technology.

**Mr Geoff Rohrsheim**

Non-Executive Director
Appointed 1 August 2017
B.E (Hons), Assoc.Dip Comp Apps, MEngSc, GAICD

Geoff is a former EY Entrepreneur of the Year winner for the southern region and has had 3 start-ups appear in the BRW Fast 100. His latest venture, Kloud Solutions grew rapidly in 5 years to have over 170 staff with offices in Melbourne, Sydney, Adelaide, Brisbane and Manila. Kloud was ranked by BRW as the fastest growing company in Australia in 2014. Kloud was sold to Telstra in Feb 2016.

A graduate of the Australian Institute of Company Directors, Geoff is a non-executive director of Seeley International, SOMARK Innovations and Business SA (state chamber of commerce). He is a member of the Australia Post Stakeholder Council and an angel investor and advisory board member of various Adelaide based tech startups.

**Ms Rebecca Wilson**

Non-Executive Director
Appointed 1 August 2017
B.A (Journalism), Post Grad Applied Finance and Investment (FINSIA)

Rebecca has more than 20 years' experience working within the health, technology and life science sectors providing advice on stakeholder communications, issues management, investor and corporate relations, and business strategy to private and public companies, research institutes, governments, and asset managers.

She advises boards and executive teams on investor relations and commercial strategies and has strong experience in capital raisings, including more than 50 IPOs, and M&A transactions.

Rebecca is CEO and Executive Director of consulting firm WE Buchan, NED of Outcomes Australia, and Advisory Board member of Gillian Fox Leadership.

**Mr Nathan Buzza**

Executive Director
(Resigned 31 July 2017)

With 25 years' experience in software, electronics and medical technology, Nathan is recognised as a technology pioneer in the evolution and implementation of specialised medical technology. Having founded Clinical Middleware provider Commtech Wireless in 1992, Nathan grew this business into a successful multinational, with offices in Perth, Sydney, Jacksonville, Hong Kong, Shenzhen, Vejle and London - deploying the technology across 8000 locations worldwide. Nathan is a member of the NiQ Healthcare Advisory Board and a General Partner in Private Equity Firm, Allure Capital. Nathan studied a Bachelor of Commerce at Curtin University, majoring in Information Systems.

**Mr Brian Leedman**

Non-Executive Director
(Appointed 28 July 2016) and (Resigned 31 July 2017)
B.Ec, MBA

Brian Leedman is a marketing and investor relations professional with over 14 years' experience in the biotechnology industry. Mr Leedman is the co-founder and Executive Director of ASX Listed ResApp Health Limited. Prior to ResApp, Mr Leedman co-founded ASX listed companies Oncosil Medical Limited and Imugene Limited. Mr Leedman previously served for 10 years as Vice President, Investor Relations for pSivida Corp. which is listed on the ASX and NASDAQ.

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

Executives**Mr Duncan Craig**

Chief Financial Officer & Company Secretary
From 29 February 2016

In 1995 Mr Craig gained full membership to the accounting body that is now the Institute of Public Accountants. Duncan has tertiary qualifications in Accounting, Financial Markets and Economics (major in Economic Development and minor in Econometrics).

Mr Craig fulfilled the role of Chief Financial Officer for the Group from the date the Company completed the legal acquisition of Alcidion Corporation Pty Ltd; being 29 February 2016. In November 2016, Mr Craig also took over the role of Company Secretary.

With over 20 years of experience in Senior management roles, the Governance Institute of Australia elected Mr Craig as a Fellow. This is in recognition of his experience in involving corporate governance and risk management.

Director	Ordinary Shares		Options over Ordinary Shares	
	Current holding	Net increase/ (decrease)	Current holding	Net increase/ (decrease)
Raymond Blight	94,828,781	-	-	-
Malcolm Pradhan	134,582,403	-	-	-
Nicholas Dignam	-	-	-	-
Geoff Rohrsheim	1,000,000	1,000,000	-	-
Rebecca Wilson	970,000	970,000	-	-
Kate Quirke (i)	2,000,000	2,000,000	-	-

(i) Ms Quirke was appointed as an Executive Director after the end of the financial year on 2 July 2018.

Nathan Buzza held 19,176,071 ordinary shares at 30 June 2017 and at the date of his resignation as a Director there had been no movement in his shareholding from 30 June 2017 to 31 July 2017.

Brian Leedman held no ordinary shares at 30 June 2017 and at the date of his resignation as a Director there had been no movement in his shareholding from 30 June 2017 to 31 July 2017.

As at the date of this report the following share options were granted to directors as part of their remuneration by Alcidion Group Limited:

Director	Number of Unlisted Options Granted	Number of Unlisted Options Held	Number of Unlisted Options Exercised	Exercise Price \$
Raymond Blight	-	-	-	-
Nathan Buzza (ii)	-	-	-	-
Malcolm Pradhan	-	-	-	-
Nicholas Dignam	-	-	-	-
Brian Leedman (i)	15,000,000	10,000,000	5,000,000	0.045
Geoff Rohrsheim	-	-	-	-
Rebecca Wilson	-	-	-	-

(i) Mr Leedman was appointed as a Non-Executive Director on 28 July 2016 and resigned on 31 July 2017.

(ii) Mr Buzza resigned on 31 July 2017

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Share-based compensation
- D. Director Equity Holdings
- E. Director & KMP Service Agreements

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

The whole Board form the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- The executive directors receive a superannuation guarantee contribution required by the government, which for the year ended 30 June 2018 was 9.5% of base salary and do not receive any other retirement benefits.
- All remuneration paid to directors and executives is valued at the cost to the Company and expensed.
- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors and executive performance. Currently, this is facilitated through the issue of options to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Company currently has no performance-based remuneration component built into director and executive remuneration packages, with the remaining options vesting on release of the Company's appendix 4E for financial years ending 30 June 2018 and 30 June 2019.

B. Details of remuneration

Details of remuneration of the directors and key management personnel (as defined in *AASB 124 Related Party Disclosures*) of Alcidion Group Limited are set out in the following table.

The key management personnel of Alcidion Group Limited are the directors and the Company's Chief Financial Officer as listed on pages 18 to 21.

The Company does not have any other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

The table below shows the 2018 and 2017 figures for remuneration received by the Company's directors and executives:

	Short Term			Post-employment		Share-based Payments Equity settled		Total
	Salary & Fees	Bonus	Annual Leave	Superannuation	Prescribed benefits	Shares	Share Options Exercised	
	\$	\$	\$	\$	\$	\$		\$
2018 Directors								
Raymond Blight (i)	261,613	-	-	21,953	3,819	-	-	287,385
Nathan Buzza (ii)	104,277	-	-	7,006	-	-	-	111,283
Malcolm Pradhan (iii)	231,083	-	11,987	21,953	3,819	-	-	268,842
Nicholas Dignam (iv)	-	-	-	-	-	-	-	-
Brian Leedman (vii)	3,500	-	-	-	-	-	-	3,500
Rebecca Wilson (viii)	34,246	-	-	3,253	-	-	-	37,499
Geoff Rohrsheim (ix)	41,667	-	-	-	-	-	-	41,667
Executives								
Duncan Craig (vi)	180,000	-	2,769	17,100	4,500	-	-	204,369
	856,386	-	14,756	71,265	12,138	-	-	954,545
2017 Directors								
Raymond Blight (i)	180,167	-	-	17,116	-	-	-	197,283
Nathan Buzza (ii)	153,142	-	-	14,548	-	-	-	167,690
Malcolm Pradhan (iii)	180,167	-	-	17,116	-	-	-	197,283
Nicholas Dignam (iv)	-	-	-	-	-	-	-	-
Josh Puckridge (v)	16,743	-	-	-	-	-	-	16,743
Brian Leedman (vii)	35,000	-	-	-	-	684,000	5,000,000	719,000
Executives								
Duncan Craig (vi)	152,083	-	-	14,488	33,978	-	-	200,549
	717,302	-	-	63,268	33,978	684,000	5,000,000	1,498,548

(i) Refer to page 26 for details of remuneration.

(ii) Refer to page 26 for details of remuneration.

(iii) Refer to page 26 for details of remuneration.

(iv) Mr Dignam was appointed as a Non-Executive Director on 22 February 2016. The Board have agreed that no fees are to be paid to Mr. Dignam.

(v) Mr Josh Puckridge was paid \$40,183 as a director's fee per annum, up until his date of resignation on 29 November 2016.

- (vi) Refer to page 26 for details of remuneration.
- (vii) Mr Leedman was paid \$3,500 for 1 month, as he resigned 31 July 2017. Mr Leedman was paid \$35,000 from 28 July 2016 through to 30 June 2017.
- (viii) Ms Wilson was appointed as a Non-Executive Director on 1 August 2017. Refer to page 26 for details of remuneration.
- (ix) Mr Rohrsheim was appointed as a Non-Executive Director on 1 August 2017. Refer to page 26 for details of remuneration.

C. Share-based compensation

Options can be issued to directors and executives as part of their remuneration. The options are not based on performance criteria, but are issued to align the interests of directors, executives and shareholders.

There were 15,000,000 options granted to Brian Leedman in the 2017 financial year, with no other options or other share-based compensation issued to directors or executives during the financial year. No options were exercised during, or since the end of the financial year. All other options granted in previous years vested at grant date.

D. Directors' equity holdings

- (i) Fully paid ordinary shares of Alcidion Group Limited:

	Balance at 1 July	Share Options exercised	Net other change (Sale)/Purchase	At date of resignation	Balance at 30 June
	No.	No.	No.	No.	No.
2018 Directors					
Raymond Blight (i)	94,828,781	-	-	-	94,828,781
Nathan Buzza (ii)	19,176,071	-	-	19,176,071	-
Malcolm Pradhan (iii)	134,582,403	-	-	-	134,582,403
Nicholas Dignam (iii)	-	-	-	-	-
Brian Leedman (viii)	-	-	-	-	-
Geoff Rohrsheim (ix)	-	-	1,000,000	-	1,000,000
Rebecca Wilson (ix)	-	-	970,000	-	970,000
Executives					
Duncan Craig (iv)	3,873,101	-	-	-	3,873,101
	252,460,356	-	1,970,000	19,176,071	235,254,285
2017 Directors					
Raymond Blight (i)	98,548,711	-	(3,719,930)	-	94,828,781
Nathan Buzza (ii)	36,067,031	-	(16,890,960)	-	19,176,071
Malcolm Pradhan (iii)	139,861,782	-	(5,279,379)	-	134,582,403
Nicholas Dignam (iii)	-	-	-	-	-
Brian Leedman (viii)	21,664	5,000,000	(5,021,664)	-	-
Josh Puckridge (v)	-	-	-	-	-
Executives					
Duncan Craig (iv)	3,873,101	-	-	-	3,873,101
	278,372,289	5,000,000	(30,911,933)	-	252,460,356

(ii) Class A Contingent Share Rights and Class B Contingent Share Rights of Alcidion Group Limited:

	Number of Class A Contingent Share Rights No. (vi)	Number of Class B Contingent Share Rights No. (vii)
2018 Directors		
Raymond Blight (i)	-	32,849,570
Nathan Buzza (ii)	-	10,947,075
Malcolm Pradhan (iii)	-	46,620,594
Nicholas Dignam (iii)	-	-
Geoff Rohrsheim (ix)	-	-
Rebecca Wilson (ix)	-	-
Brian Leedman (viii)	-	-
Executives		
Duncan Craig (iv)	-	1,291,033
	-	91,708,272
2017 Directors		
Raymond Blight (i)	32,849,570	32,849,570
Nathan Buzza (ii)	10,947,075	10,947,075
Malcolm Pradhan (iii)	46,620,594	46,620,594
Nicholas Dignam (iii)	-	-
Josh Puckridge (v)	-	-
Brian Leedman (viii)	-	-
Executives		
Duncan Craig (iv)	1,291,033	1,291,033
	91,708,272	91,708,272

- (i) Mr Blight was appointed as Executive Chairman and Chief Executive Officer on 22 February 2016.
- (ii) Mr Buzza was appointed as an Executive Director on 22 February 2016 and resigned on 31 July 2017.
- (iii) Professor Pradhan and Mr Dignam were appointed as a Directors on 22 February 2016.
- (iv) Mr Craig fulfilled the role of Chief Financial Officer for the consolidated Group from the date the Company completed the legal acquisition of Alcidion Corporation Pty Ltd; being 29 February 2016.
- (v) Mr Puckridge was appointed as a Non-Executive Director on 9 March 2015 and resigned on 29 November 2016.
- (vi) Class A Contingent Share Rights issued in consideration for the acquisition of Alcidion as detailed in the Company's prospectus dated 7 December 2015. 29 February 2018 the milestone of \$10,000,000 revenue was not fulfilled and as such the Class A Contingent Share Rights were foregone.
- (vii) Class B Contingent Share Rights issued in consideration for the acquisition of Alcidion as detailed in the Company's prospectus dated 7 December 2015
- (viii) Mr Leedman was appointed as a non-executive Director on 28 July 2016 and resigned on 31 July 2017. During the year ended 30 June 2017, Mr. Leedman exercised 5,000,000 Share options.
- (ix) Mr Rohrsheim and Ms Wilson were appointed as Non-Executive Directors on 1 August 2017.

(iii) Share options of Alcidion Group Limited:

	Balance at 1 July	Granted as remuneration	Exercised	Net other change	At date of resignation	Balance at 30 June
	No.	No.	No.	No.	No.	No.
2018 Directors						
Raymond Blight (i)	-	-	-	-	-	-
Nathan Buzza (ii)	-	-	-	-	-	-
Malcolm Pradhan (iii)	-	-	-	-	-	-
Nicholas Dignam (iii)	-	-	-	-	-	-
Brian Leedman (vii)	10,000,000	-	-	-	(10,000,000)	-
Geoff Rohrsheim (iv)	-	-	-	-	-	-
Rebecca Wilson (iv)	-	-	-	-	-	-
Executives						
Duncan Craig (vi)	-	-	-	-	-	-
	10,000,000	-	-	-	(10,000,000)	-
2017 Directors						
Raymond Blight (i)	-	-	-	-	-	-
Nathan Buzza (ii)	-	-	-	-	-	-
Malcolm Pradhan (iii)	-	-	-	-	-	-
Nicholas Dignam (iii)	-	-	-	-	-	-
Brian Leedman (vii)	-	15,000,000	5,000,000	-	-	10,000,000
Josh Puckridge (v)	-	-	-	-	-	-
Executives						
Duncan Craig (vi)	-	-	-	-	-	-
	-	15,000,000	5,000,000	-	-	10,000,000

(i) Mr Blight was appointed as Executive Chairman and Chief Executive Officer on 22 February 2016.

(ii) Mr Buzza was appointed as an Executive Director on 22 February 2016 and resigned on 31 July 2017.

(iii) Professor Pradhan and Mr Dignam were appointed as Directors on 22 February 2016.

(iv) Mr Rohrsheim and Ms Wilson were appointed as Non-Executive Directors on 1 August 2017.

(v) Mr Puckridge resigned as a Director on 29 November 2016.

(vi) Mr Craig fulfilled the role of Chief Financial Officer for the consolidated Group from the date the Company completed the legal acquisition of Alcidion Corporation Pty Ltd; being 29 February 2016.

(vii) Mr Leedman was appointed as a non-executive Director on 31 July 2016 and resigned on 31 July 2017. Mr Leedman was provided 15,000,000 unlisted options. The fair value of these unlisted options at grant date was \$684,000. The 15,000,000 unlisted options were provided in three tranches at 5,000,000 unlisted options each. Mr Leedman has exercised the first tranche of 5,000,000 unlisted options during the year ended 30 June 2017. The second tranche of 5,000,000 options has a vesting date 31 August 2017 with an exercise price of \$0.06. The third tranche of 5,000,000 options has a vesting date of 31 August 2018 with an exercise price of \$0.08. The remaining 10,000,000 unlisted options have an option exercise expiry date of 30 June 2020.

E. Director & KMP Service Agreements

Director Raymond Blight is employed as a Director & Chief Executive Officer on following key terms:

- a) Base salary of A\$235,000 per annum plus superannuation
- b) Chairman allowance of \$25,000 per annum.
- c) 6-month notice period

Director Malcolm Pradhan is employed as a Director & Chief Medical Officer on following key terms:

- a) Base salary of A\$235,000 per annum plus superannuation
- b) 6-month notice period

Director Nathan Buzzza was employed as a Director & Executive Vice President of Sales and Marketing on following key terms:

- a) Base salary of A\$188,000 per annum plus superannuation
- b) Home office allowance of \$25,000 per annum.
- c) 6-month notice period

Non-Executive Director Geoff Rohrsheim is employed as a Non-Executive Director on following key terms:

- a) Base salary of A\$45,000 per annum

Non-Executive Director Rebecca Wilson is employed as a Non-Executive Director on following key terms:

- a) Base salary of A\$45,000 per annum plus superannuation

Executive Duncan Craig is employed as Chief Financial Officer and Company Secretary on following key terms:

- a) Base salary of A\$180,000 per annum plus superannuation
- b) 6-month notice period

- - END OF REMUNERATION REPORT - -

Directors' Report (continued)

Directors' Meetings

The following table sets out information in relation to Board meetings held during the year:

Board Member	Eligible to Attend	Attended	Circular Resolutions Passed
Raymond Blight	11	11	3
Nathan Buzza	1	1	1
Malcolm Pradhan	11	11	3
Nicholas Dignam	11	10	3
Brian Leedman	1	1	1
Rebecca Wilson	10	10	2
Geoff Rohrsheim	10	10	2

Principal activities

Alcidion's mission remains to help our clients achieve, and sustain, high performance healthcare services by using our decision intelligence software, known as Miya, 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 healthcare analytics software. The Company's software is focused on solving clinical problems, in real-time, using decision intelligence technology for hospitals and allied healthcare customers. Alcidion has also integrated Smartpage into its product offering, which can be offered as a stand-alone solution or integrated into its core Miya platform. Alcidion's clients are healthcare organisations in Australia and New Zealand.

The acquisition of MKM Health and Patientrack was completed on 2 July 2018 and will expand Alcidion's product and service offering as well as their client base within the UK, Australian and New Zealand markets.

Review of operations

During the year ended 30 June 2018, Alcidion achieved a number of important operational results:

- **Entered into agreements to acquire MKM Health and Patientrack (April 2018)**

Entered into agreements to acquire MKM Health and Patientrack for initial consideration of \$12 million. Transaction completion occurred after the balance date on 2 July 2018, with further contingent consideration of up to \$4 million to be satisfied by the issue of Alcidion shares in 12 months depending on the revenue and earnings performance of MKM Health and Patientrack in FY2019.

- **Smartpage goes live at Monash Health (March 2018)**

The clinical module of Smartpage was successfully deployed at Monash Health in March 2018 as part of a 3-year contract worth \$389,000. Rollout to the remainder of the Monash Health public hospitals is planned within the coming year. This contract has an option to extend by a further 2 years, in which case the contract value increases to \$500,000.

- **Acquisition of Oncall Systems Ltd (February 2018)**

Alcidion completed the acquisition of Oncall Systems in February 2018. Oncall Systems is a leader in advanced clinical messaging and mobile task management systems for hospitals and allied healthcare. Its key technology is messaging system, Smartpage. Smartpage is comprised of clinical, orderly and emergency messaging modules delivered via the cloud which can be integrated with Miya Patient Flow to provide a differentiated market offering.

- **Receipt of MTP Grant (October 2017)**

In October 2017, a grant from MTP Connect was awarded to a consortium of which Alcidion is the industry leader. This program is focussed on advancing technologies designed specifically to minimise the need for hospital admissions.

- **Launch of Miya iScheduler (July 2017)**

Alcidion released an advanced suite of electronic referrals software which can significantly improve the access of patients to hospital outpatient services, ambulatory services (community and hospital) and telehealth services delivered to remote locations and the home. Alcidion acquired the rights to the software from Eceptionist Incorporated, a Houston, Texas based innovator for the Australian and New Zealand health services.

- **Product & technology development (throughout FY2018)**

Alcidion has invested in a developing a complementary cloud-based offering across the entire Miya platform over FY2018.

Another key technology focus during FY2018 has been the development of Miya Precision, a next generation platform that solves clinical problems with Artificial Intelligence (AI), clinical decision support and real time alerts to reduce clinical risk. This product includes thousands of pre-configured metrics.

Miya Revenue and Reimbursement Manager was also launched during FY2018. This an enterprise analytics solution that utilises AI and machine learning to identify, in real-time, individual patient complexities which require care in addition to the treatment needed for the principal diagnosis. This will enable hospitals to properly identify patient risk, claim additional reimbursement and reduce the risk of billing queries and clawback.

Overview of Alcidion and its Business

Alcidion, is a provider of intelligent informatics software for high performance healthcare. Alcidion empowers clinicians with decision support tools to ensure the highest quality of care for their patients. By providing clinicians with decision support tools and making recommendations about patient care, patient flow and patient safety, organisational efficiency may be optimised and key clinical risks eliminated.

Alcidion is focused on anticipating the needs of the healthcare industry and on accelerating the commercialisation of its innovative technologies.

Over the past decade, and under the stewardship of Professor Malcolm Pradhan and Mr Ray Blight, the former Chief Executive of the SA Health Commission, Alcidion has invested in excess of \$20.8 million in the research and development of a cutting edge Clinical Decision Support System or "CDSS".

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

In April 2018, Alcidion announced the acquisition of MKM Health and Patienttrack. This was a transformative acquisition for Alcidion and was completed on 2 July 2018, following an Extraordinary General Meeting of Alcidion shareholders. The acquisition of MKM Health and Patienttrack will expand Alcidion's product and service offering as well as the company's client base within the UK, Australian and New Zealand markets.

Financial Review

Operating Results

Alcidion Group Limited (the Group) delivered a FY18 loss before tax of \$2,135,253 (2017: loss before tax of \$2,039,107).

Net Cash at Bank at the end of the year was \$2,890,339 with minimal debt.

Financial Position

The Group has incurred a net loss after tax for the year ended 30 June 2018 of \$2,089,313 (2017: \$2,060,980 loss), and a net cash outflow from operations of \$1,825,305 (2017: outflow of 519,423). At 30 June 2018, the Group has net current assets of \$2,095,223 (2017: \$5,268,080 net current assets) and net equity of \$3,333,246 (2017: \$5,422,559).

Summary of Financial Information as at 30 June 2018

	Group 2018	Group 2017	Group 2016	Company 2015
Cash and cash equivalents (\$)	2,890,339	5,331,263	5,645,357	2,321,253
Net assets/equity	3,333,246	5,422,559	6,574,539	650,577
Loss from ordinary activities after income tax expenses (\$)	(2,089,313)	(2,060,980)	(2,544,717)	(318,264)
No of issued shares	607,779,957	607,779,957	602,779,957	9,000,000
Share price (\$)	0.052	0.069	0.06	N/A
Market capitalisation (Undiluted) (\$)	31,604,558	41,936,817	36,166,797	N/A

Risk Management

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

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

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

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

Significant Changes in State of Affairs

Other than those disclosed in this annual report, no significant changes in the state of affairs of the Group occurred during the financial year.

Significant Events after the Balance Date

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

The Company has had four subsequent events post 30th June 2018:

- a) Alcidion completed the purchase of MKM Health and Patientrack on 2 July 2018;
- b) Appointment of Ms Kate Quirke as Alcidion Group Chief Executive Officer and Executive Director as at 2 July 2018;
- c) Alcidion signs ACT Health contract worth \$4.75 million utilising Miya, Smartpage and Patientrack;
- d) Alcidion signs 3 year contract extension with NT Health.

Likely Developments and Expected Results

The acquisition of MKM Health and Patientrack, which was completed on 2 July 2018, is expected to make a significant contribution to Alcidion's revenue and profitability, as well as provide additional growth opportunities through cross-selling of products and services across a larger and more diverse customer base and realisation of other potential synergies

Strategies to deliver new revenue streams from the launch of new technologies and product extensions are also being implemented.

Environmental Regulation and Performance

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

Insurance of Directors and Officers

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

- a) A breach of duty,
- b) A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

Alcidion has agreed to indemnify all directors and executive officers of the Company against liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of Alcidion, except where the liability has arisen as a result of a wilful breach of duty in relation to the Company. The agreement stipulates that Alcidion will meet the full amount of any such liabilities, including costs and expenses. The Company has paid a total of \$17,393 in insurance premiums, relating to Director and Officer insurance, during the financial year.

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Non-Audit Services

During the year William Buck or any of its associated entities did not provide any non-audit services to the Company.

Compliance

Corporate Governance Statement

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance policies and practices of the Company are reviewed annually in accordance with the standards required of the Company by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained, commensurate with the size and operations of the Company.

The ASX Corporate Governance Council released the third edition of its Corporate Governance Principles and Recommendations on 27 March 2014 to take effect for the first full financial year commencing on or after 1 July 2014. The Company's Corporate Governance Statement, and associated policy documents complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as appropriate, having regard to the size of the Company and the nature of its enterprise. The Corporate Governance Statement can be found on the Company's web site www.alcidion.com.

Independent Professional Advice

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Company's expense, obtain independent professional advice to properly discharge his responsibilities.

Board Composition

The Board consists of two Executive and three Non-Executive Directors. Details of their skills, experience and expertise and the year of office held by each director have been included in the Directors' Report. The number of Board meetings and the attendance of the directors are set out in the Directors' Report.

The Board will decide on the choice of any new director upon the creation of any new Board position and if any casual vacancy arises. Decisions to appoint new directors will be minuted. The Board considers that due to the size and complexity of the Company's affairs it does not merit the establishment of a separate nomination committee. Until the situation changes the Board of Alcidion will carry out any necessary nomination committee functions.

Share Trading Policy

Directors, officers and employees are prohibited from dealing in Alcidion shares when they possess inside information. The Board is to be notified promptly of any trading of shares in the Company by any director or officer of the Company.

Share Options

Share options outstanding at the end of the reporting period are 10,000,000. No options over issued shares or interests in the company were granted during or since the end of the financial year.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 32.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

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



Ray Blight

Executive Chairman and Chief Executive Officer
Adelaide, South Australia this 30 day of August 2018

Auditor's Independence Declaration



**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF ALCIDION GROUP LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 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 30th day of August, 2018 in Adelaide, South Australia.

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
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Directors' Declaration

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the attached financial statements and notes thereto for the year ended 30 June 2018 are in accordance with the Corporations Act 2001, including compliance with the Corporations Regulations 2001, Australian Accounting Standards and International Financial Reporting Standards as disclosed in Note 2 and giving a true and fair view of the financial position and performance of the Group for the year ended on that date;
- c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the year ended 30 June 2018.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.295(5) of the Corporations Act 2001.

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



Ray Blight

Executive Chairman and Chief Executive Officer
Adelaide, South Australia this 30 day of August 2018

Independent Auditor's Review Report



Alcidion Group Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Alcidion Group Limited. (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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willambuck.com



RESEARCH AND DEVELOPMENT	
Area of focus Refer also to notes 1, 2 and 10	How our audit addressed it
<p>The group incurs significant amounts of research and development costs each year. In 2018 these costs amounted to \$1,257,636.</p> <p>Each year the group makes an assessment as to the amount it expects to claim with the Australian Government by way of a Research & Development Tax Offset Refund. At 30 June 2018 the amount disclosed as a current trade and other receivable in relation to the refund is \$1,029,690.</p> <p>Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — a detailed evaluation of the groups research and development strategy. — testing the costs incurred. — review of the Group's claim which is independently prepared by KPMG. — engaging our own taxation specialists to consider the appropriateness of the group's substantiation for the claim. — reviewing the historical accuracy by comparing actual Tax offset refunds with the original estimations. <p>We assessed the adequacy of the Group's disclosures in respect of the transactions.</p>
BUSINESS COMBINATION	
Area of focus Refer also to notes 1, 2 and 3	How our audit addressed it
<p>During the 2018 financial year, the Group completed the 100% acquisition of Oncall New Zealand Limited and Oncall Systems Ltd. The initial cash consideration for Oncall was AU\$591,757 with additional future performance milestones included in the agreement with contingent consideration valued at AU\$475,663.</p> <p>The contingent consideration is based on the income generated by the product, Smartpage over an 18 month period from 31 January 2018 across the Alcidion Group post the acquisition date. A multiple of 2 times revenue is used less the initial cash consideration and is based on actual revenue generated over the 18 month period. Refer to Note 3 for further details on the performance milestones.</p> <p>At 30 June 2018 the fair values of the assets and liabilities acquired are provisional and pending final valuation of the contingent consideration. On completion of the final valuation the balances for the acquisition may be revised in accordance with applicable Australian Accounting Standards.</p> <p>AASB3 Business Combinations requires the Group to recognise the identified assets and liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair value of recognised assets and liabilities as goodwill.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — understanding the process that management and the directors applied to recognise the acquisition. — obtaining a detailed understanding of the terms and conditions of the purchase contract to assess the accounting treatment. — evaluating the acquisition date and date of control and assessing the treatment of costs. — evaluating the competence, capabilities and objectivity of management's independent expert, obtained an understanding of the work of the expert and evaluated the appropriateness of the expert's work as audit evidence for the relevant assertions. — assessing and evaluating management's key assumptions applied in arriving at the fair values of the assets acquired including intangible assets recognised upon acquisition and liabilities assumed. — assessing the appropriateness of the fair value of the net identifiable assets acquired including intangible assets recognised upon acquisition and liabilities assumed. — assessing and evaluating the adequacy and appropriateness of the contingent consideration.



<p>The assets acquired and liabilities assumed were measured at their fair values, determined provisionally, at the acquisition date. Some judgement is applied in the identification of any intangible assets recognised upon acquisition and contingent liabilities assumed in the transaction. Management has engaged an independent expert to assist with the valuation of the intangible asset and contingent liability at the respective acquisition date and reporting date. As a result of the acquisition accounting, the Group recognised goodwill, amounting to AU\$771,059 (refer to Note 3).</p> <p>The identification of such assets and liabilities, including intangible assets recognised upon acquisition and contingent liabilities and their measurement at fair value is inherently judgemental, thus we considered this area to be a key audit matter.</p>	<p>We assessed the adequacy of the Group's disclosures in respect of the transactions. The Group's disclosures of the business combination accounting applied to the acquisition of the subsidiaries during the financial year are included in Note 3 to the financial statements.</p>
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 28 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Alcidion Group Limited., for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck
ABN: 38 280 203 274



M.D. King
Partner

Dated this 30th day of August, 2018.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Note	Consolidated 2018 \$	Consolidated 2017 \$
Revenue	4	3,149,797	2,378,874
Research & development rebate	4	1,029,690	1,079,237
Cost of sale of goods and services		(1,257,636)	(1,181,042)
Gross Profit		2,921,851	2,277,069
Interest income		73,710	99,776
Other income	4	1,217	2,628
Depreciation and amortisation expense	5	(47,221)	(55,277)
Directors and employee benefits expense	5	(3,077,687)	(3,054,541)
Marketing expense		(133,001)	(122,185)
Operations and administration expense		(868,906)	(748,875)
Other expenses from ordinary activities	5	(1,005,216)	(437,702)
Loss before income tax expense		(2,135,253)	(2,039,107)
Income tax (expense) / benefit	6	45,940	(21,873)
Loss after tax attributable to the owners of the Company		(2,089,313)	(2,060,980)
Other comprehensive (loss) net of tax			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Total comprehensive loss for the year attributable to the owners of the Company		(2,089,313)	(2,060,980)
(Loss) Per Share			
Basic and diluted loss per share (cents)	19	(0.34)	(0.34)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the final annual report

Statement of Financial Position

As at 30 June 2018

	Note	Consolidated 2018 \$	Consolidated 2017 \$
Assets			
Current assets			
Cash and cash equivalents	25	2,890,339	5,331,263
Trade and other receivables	10	1,529,191	1,238,613
Other assets		61,697	73,536
Total current assets		4,481,227	6,643,412
Non-current assets			
Plant and equipment	13	90,047	97,812
Deferred tax assets	6	120,377	74,437
Intangible assets	12	1,072,805	4,367
Other assets		66,075	11,263
Total non-current assets		1,349,304	187,879
Total assets		5,830,531	6,831,291
Liabilities			
Current liabilities			
Trade and other payables	11	573,605	399,068
Employee provisions	15	271,234	163,310
Other liabilities	14	1,541,165	812,954
Total current liabilities		2,386,004	1,375,332
Non-current liabilities			
Employee Provisions	15	111,281	33,400
Total non-current liabilities		111,281	33,400
Total liabilities		2,497,285	1,408,732
Net assets		3,333,246	5,422,559
Equity			
Issued capital	16 (a)	10,793,683	10,793,683
Reserves	16 (c)	684,000	684,000
Accumulated losses	17	(8,144,437)	(6,055,124)
Total equity		3,333,246	5,422,559

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the final annual report.

Statement of Changes in Equity

For the year ended 30 June 2018

	Issued capital	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
CONSOLIDATED				
Balance as at 1 July 2016	10,568,683	-	(3,994,144)	6,574,539
Loss for the year	-	-	(2,060,980)	(2,060,980)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,060,980)	(2,060,980)
Shares issued during the year	225,000	-	-	225,000
Options issued during the year	-	684,000	-	684,000
Balance as at 30 June 2017	10,793,683	684,000	(6,055,124)	5,422,559
CONSOLIDATED				
Balance as at 1 July 2017	10,793,683	684,000	(6,055,124)	5,422,559
Loss for the year	-	-	(2,089,313)	(2,089,313)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,089,313)	(2,089,313)
Shares issued during the year	-	-	-	-
Options issued during the year	-	-	-	-
Balance as at 30 June 2018	10,793,683	684,000	(8,144,437)	3,333,246

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the final annual report.

Statement of Cash Flows

for the year ended 30 June 2018

	Note	Consolidated 2018 \$	Consolidated 2017 \$
Cash flows from operating activities			
Receipts from customers & R&D Rebate received		4,286,510	4,779,726
Payments to suppliers and employees		(6,185,525)	(5,400,419)
Interest received		73,710	99,776
Finance costs		-	-
Income tax refunded		-	1,494
Net cash (outflows) from operating activities	25	(1,825,305)	(519,423)
Cash flows from investing activities			
Payments for acquisition of Oncall Systems Ltd	3	(591,757)	-
Payments for plant and equipment		(23,862)	(14,567)
Net cash (outflows) from investing activities		(615,619)	(14,567)
Cash flows from financing activities			
Proceeds from issue of shares		-	225,000
Repayments of borrowings		-	(5,104)
Net cash inflows from financing activities		-	219,896
Net (decrease) in cash and cash equivalents		(2,440,924)	(314,094)
Cash and cash equivalents at the beginning of the year		5,331,263	5,645,357
Cash and cash equivalents at the end of the year	25	2,890,339	5,331,263

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the final annual report.

Notes to the Financial Statements

For the financial year ended 30 June 2018

1. General information

Alcidion Group Limited (“Alcidion” or the “Group” or, the “Company”) is a limited company incorporated in Australia. The core of Alcidion’s business model is to create intellectual property in the form of Clinical Decision Support Systems (**CDSS**) software developed to improve the quality of care for all patients and improve the productivity of clinicians and care teams.

The Company’s software is bundled with other technologies and services to create complete clinical and business solutions for healthcare providers. In short, Alcidion builds, sells, delivers, runs and supports solutions for healthcare provider organisations around Australia and New Zealand.

2. Statement of significant accounting policies

The financial statements comprise the consolidated financial statements of the Company and its controlled entities (collectively the Group).

The financial statements were authorised for issue by the directors on 30 August 2018.

2.1 Basis of preparation

The Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

2.1.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and in compliance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The consolidated financial statements have been prepared on an accruals basis, except for cashflow information and are based on historical costs. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

2.1.2 Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

2.2 Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

2.2.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquisition; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

2.2.2 Subsidiaries

Subsidiaries are entities controlled by the Group.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. A list of subsidiaries is provided in Note 28.

2.2.3 Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.3 Taxation

2.3.1 Income tax

The income tax expense / (income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the 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 taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss or arising from a business combination.

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, excluding a business combination, 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 is 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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

2.3.2 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows included in receipts from customers and R&D rebate received or payments to suppliers and employees.

2.4 Plant and equipment

2.4.1 Recognition and measurement

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 2.5 Impairment of non-financial assets). In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are 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.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not more than the recoverable amount from these assets. The recoverable amount is assessed based on the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

2.4.2 Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

2.4.3 Depreciation

Depreciation is charged to the statement of profit or loss and other comprehensive income on a diminishing value or straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

Class of fixed asset	Depreciation rate (%)
Computer equipment	25 – 66.67
Furniture and fittings	5-20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" in the Statement of profit or loss and other comprehensive income.

2.5 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy 2.3.1) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their

present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

2.6 Financial instruments

2.6.1 Initial recognition and measurement

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.6.2 Classification and Subsequent Measurement

Cash and cash equivalents

Cash and cash equivalents includes 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, if any, are shown within short-borrowings in current liabilities on the Statement of financial position.

Trade and other receivables

Receivables are usually settled within 60 days. 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. Collectability of trade and other receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30-day terms.

2.6.3 Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any

cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

2.6.4 Effective interest method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

2.6.5 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the Statement of profit or loss and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the Statement of profit or loss and other comprehensive income.

2.6.6 Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

2.6.7 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

2.7 Employee benefits

2.7.1 Short-term employee benefits

Provision for employee benefits for wages, salaries and annual leave that are expected to be settled wholly within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related payroll on-costs, such as worker's compensation insurance and payroll tax.

2.7.2 Other long-term employee benefits

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value. The discount rate applied is determined by reference to market yields on high quality corporate bonds at the report date that have maturity dates approximating the terms of the Group's obligations.

2.7.3 Retirement benefit obligations: Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

2.7.4 Equity-settled compensation

The Group operates an employee share option plan. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, considering the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

2.8 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

2.9 Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

2.10 Revenue and other income

Interest revenue is recognised in accordance with Note 2.6.7 Finance income and expenses.

Revenue is measured at the fair value of the consideration received or receivable after considering any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing 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.

The Group's recurring revenue is predominantly through Licence, Maintenance and Support fees. Licence, Maintenance and Support fees are recognised according to month earned and once performance obligations are met.

Income from the Research & Development (R&D) Tax Offset is recognised in profit before tax once control has been established.

All revenue is stated net of the amount of GST (Note 2.3.2 Goods and Services Tax (GST)).

2.11 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.12 Intangible assets

a. Intangible assets

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Directors consider that intangible assets, other than patents and trademarks, have indefinite useful lives because they expect that they will continue to generate cash inflows indefinitely.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

b. Intangible Assets Other than Goodwill

Trademarks and licences

Patents and trademarks are recognised at cost of acquisition. They 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 lives ranging from 5 to 10 years.

2.13 Critical Accounting Estimates and Judgments

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

2.13.1 Key Estimate - Intangible assets and amortisation

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

During the financial year, no development costs were capitalised as the requirements to capitalise as per AASB138 were not met.

2.13.2 Key Estimate – Provision for R&D

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

2.14 New, revised or amending Accounting Standards and Interpretations adopted

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

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

AASBs that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended AASBs, most relevant to the Group, are set out below.

2.15.1 AASB 9 Financial Instruments

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL model method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

The directors anticipate and have estimated that the adoption of AASB 9 from 1 July 2018 is not expected to materially impact on the Group's financial instruments, including hedging activity.

2.15.2 AASB 15 Revenue from Contracts with Customers

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

This Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provision of this Standard permits an entity to recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application, as well as enhanced disclosures regarding revenue.

The directors anticipate and have estimated that the adoption of AASB 15 from 1 July 2018 will not have an impact on the Group's financial statements, as the Group currently recognises revenue only when performance obligations are satisfied.

2.15.3 AASB 16 Leases

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 from 1 July 2018 will impact the Group's financial statements, it is estimated that the impact will not be material, as the group presently has only one operating lease in effect for rental of premises (refer to note 21).

3. Business Combination

On 31 January 2018 the Group acquired 100% of the operations of Oncall New Zealand Limited and Oncall Systems Limited ("Oncall"). The acquisition of Oncall is consistent with Alcidion's growth strategy and will enable Alcidion to pursue additional market opportunities it has identified. Oncall has designed Smartpage which integrates seamlessly with Alcidion's Miya platform with the product now being sold as Smartpage.

Assets and liabilities acquired in both operations have been measured at their carrying amounts and the excess of the consideration over the net assets acquired and recognised upon acquisition has been recorded as Goodwill on acquisition. The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Fair Value 31 January 2018 \$ (Provisional)
Purchase consideration:	
- Cash	591,757
- Contingent Consideration (i)	475,663
	<u>1,067,420</u>
Total purchase consideration	1,067,420
Assets and liabilities acquired at fair value:	-
Cash and Cash Equivalents	47,703
Trade and Other Receivables	26,605
Plant and Equipment	521
Trade and Other Payables	(76,551)
	<u>(1,722)</u>
Identifiable assets acquired, and liabilities assumed at fair value	(1,722)
Intangible assets recognised upon acquisition:	
Intellectual Property	298,083
	<u>296,361</u>
Assets acquired and recognised upon acquisition	296,361
Purchase Consideration	1,067,420
Less: Assets acquired and recognised upon acquisition	(296,361)
	<u>771,059</u>
Goodwill	771,059

At 30 June 2018 the purchase consideration is provisional and pending final valuation of the contingent consideration. On completion of the final valuation the balances for the acquisition may be revised in accordance with applicable Australian Accounting Standards.

The measurement of identifiable intangible assets acquired in a business combination is highly subjective and there are a range of possible values that could be attributed for initial recognition. Judgement is applied in selecting the value to be recognised on the balance sheet. Management's assessment of the useful life of the intangible assets is reviewed at each reporting period.

Since the acquisition date, Oncall has generated revenues of AU\$69,745 and incurred a loss after tax of AU\$42,585. Had the business combinations been affected at 1 July 2017, the revenue of the Group would have been \$4.3m and the loss after tax for the year would have been \$2.15 m. The directors consider

these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

- (i) *The contingent consideration is based on the income generated by Smartpage over an 18-month period from 31 January 2018 across the Alcidion Group post the acquisition date. A multiple of 2 times revenue is used less the initial consideration and is based on actual revenue generated over the 18-month period. The maximum contingent consideration amount payable is NZ\$2.25m with a payment date of 30 June 2019. Management's assessment of the contingent consideration eventuating is probable.*

As disclosed in Note 24, Alcidion has completed the 100% acquisition of MKM Health & Patientrack on 2nd July 2018. MKM Health is a leading provider of IT solutions to healthcare providers across Australia and New Zealand and UK based Patientrack is a world leading supplier of healthcare software targeted at improving patient safety in hospitals. The acquisition expands Alcidion's international and domestic footprint substantially with a diversified customer base.

The initial consideration for the acquisition is AU\$12m to be satisfied by the issue of approximately 198m Alcidion ordinary shares (being AU\$10m at a deemed issue price of 5.05c per Alcidion share) and the payment of A\$2m in cash. A further contingent consideration of up to AU\$4m, to be satisfied by the issue of Alcidion shares at a deemed issue price of 5.05c per share, is payable in 12 months from acquisition date subject to the revenue and EBITDA performance of MKM Health and Patientrack in that 12 month period.

The initial accounting for the business combination is incomplete at the time these financial statements have been authorised for issue and accordingly details of the financial effect of the business combination have not been disclosed.

4. Revenue

	Consolidated 2018 \$	Consolidated 2017 \$
Recurring income	1,743,754	1,835,010
Non-recurring income (i)	1,259,436	544,768
Grants (ii)	137,975	-
Foreign exchange gain or (loss)	8,632	(904)
	3,149,797	2,378,874
Other income		
Other revenue	1,217	2,628
Research & Development Incentive Rebate	1,029,690	1,079,237

- (i) *Non-recurring income relates to ad-hoc project work carried out for a variety of customers.*
 (ii) *MTP Connect Grant*

5. Loss from operations

Loss before income tax has been arrived at after charging the following losses and expenses from continuing operations:

	Consolidated 2018 \$	Consolidated 2017 \$
Depreciation and amortisation of non-current assets	47,221	55,277
Directors and employees benefit expense	2,843,919	2,835,495
Superannuation expense	233,768	219,046
Legal Fees	611,034	141,390
M&A Activities	92,772	-
Minimum lease payments from operating leases	103,591	132,538

6. Income tax

	Consolidated 2018 \$	Consolidated 2017 \$
Income tax recognised in loss		
Tax expense comprises:		
Current tax expense	(45,940)	21,873
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total tax expense	(45,940)	21,873

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2018 \$	Consolidated 2017 \$
(Loss) from operations	(2,135,253)	(2,039,107)
Income tax benefit calculated at 27.5%	(587,195)	(560,754)
Effect of different tax rates of group entities operating in different tax jurisdictions	(228)	-
Research and Development expense	367,789	328,687
Effect of expenses exceeding income in determining taxable profit	100,741	137,411
Effect of expenses that are not deductible in determining taxable profit	198,877	204,122
Net effect of unused tax losses and temporary differences not recognised as deferred tax assets	(79,984)	(109,466)
Net effect of temporary differences recognised as deferred tax assets	(42,977)	29,466
Adjustment to income tax	-	(1,478)
Tax effect of Alcidion Group DTA brought to account	-	(6,115)
Tax effect of Oncall Systems DTA brought to account	(2,963)	-
Income tax expense	(45,940)	21,873

The tax rate used in the above reconciliation in respect to the income of group entities domiciled in Australia is the corporate tax rate of 27.5% (2017: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law. The tax rate used in the above reconciliation in respect to the income of group entities domiciled in New Zealand is the corporate tax rate of 28% (2017: N/A) payable by New Zealand corporate entities on taxable profits under New Zealand tax law. In 2017, the Australian Taxation Office introduced legislation under which the corporate tax rate for Companies satisfying the requirements to be assessed as a 'Small Business' reduced to 27.5%. To satisfy the requirements of a 'Small Business', a Company must have annual turnover of less than \$25,000,000 (2017: \$10,000,000). In 2018, Alcidion Group Ltd satisfied this requirement and is therefore eligible to apply the reduced income tax rate of 27.5%.

Recognised deferred tax balances

The following deferred tax assets have been brought to account:

	Consolidated 2018 \$	Consolidated 2017 \$
Employee entitlements	115,757	69,707
Accrued expenses	4,620	4,730
Net temporary differences	-	-
Deferred Tax Asset	120,377	74,437

Key estimate of unrecognised Deferred Tax Assets: A deferred tax asset has not been recognised in respect of accumulated tax losses and some temporary differences as the realisation of the benefit is not regarded as probable. The tax losses carried forward amount to \$819,630 (2017: \$499,677).

Franking Account: (4,937,952) (2017: 3,948,561)

The Company's franking account is in debit by the amount of \$4,937,952. The debit balance has arisen due to the accumulation of Research & Development Tax Incentive Refunds totalling \$4,937,952 since the year ended 30 June 2005. In accordance with section 205 of the Income Tax Assessment Act (ITAA) 1997, the Company is not subject to franking deficits tax on this balance.

7. Key management personnel disclosures

a) Details of key management personnel

The directors and executives of Alcidion Group Limited during the financial year were:

Directors

Mr Raymond Howard Blight
 Professor Malcolm Pradhan
 Mr Nathan Edmund-James Buzza (Resigned 31 July 2017)
 Mr Nicholas Paul Dignam
 Mr Brian Leedman (Appointed on 28 July 2016 and Resigned 31 July 2017)
 Mr Geoff Rohrsheim (Appointed on 1 August 2017)
 Ms Rebecca Wilson (Appointed on 1 August 2017)

Executives

Mr Duncan Craig

b) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	Consolidated 2018 \$	Consolidated 2017 \$
Short-term employee benefits	856,386	717,302
Annual Leave	14,756	-
Post-employment benefits	83,403	63,268
Share-based payments	-	684,000
	954,545	1,464,570

The compensation of each member of the key management personnel of the Company is set out in the Directors' Remuneration report.

8. Share-based payments Share options and Contingent Share Rights

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

Each option issued under the arrangement converts into one ordinary share of Alcidion Group Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Vesting dates and conditions are dependent on each arrangement as agreed to by the directors.

The number of options granted is at the sole discretion of the directors.

Incentive options issued to directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

No Share-based payments were made during the current year.

There were no options over ordinary shares in the Company provided as remuneration to directors or key management persons during the year.

Options

	Consolidated 2018		Consolidated 2017	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of financial year	10,500,000	0.07	5,500,000	0.28
Granted during the financial year	-	-	15,000,000	0.062
Group's options on acquisition	-	-	-	-
Group's options foregone	(500,000)	0.07	(5,000,000)	0.30
Exercised during the financial year	-	-	(5,000,000)	0.04
Balance at end of the financial year (i)	10,000,000	0.07	10,500,000	0.07
Exercisable at end of financial year	10,000,000	0.07	10,500,000	0.07

(i) Balance at end of the financial year: The Share options outstanding at the end of the financial year had a weighted average remaining contractual life of 2 years

	Class A Contingent Shares Rights (1)	Class B Contingent Shares Rights (2)(3)(4)
	Number of Rights	Number of Rights
Balance at beginning of financial year	145,161,290	148,387,096
Granted during the financial year	-	-
Foregone during the financial year	(145,161,290)	-
Balance at end of the financial year	-	148,387,096

(1) Each Class A Contingent shares right will be converted to one fully paid ordinary shares on Alcidion Group achieving \$10,000,000 in revenue (audited) over 12 consecutive months within 24 months from the 29th February 2016 (re-admission of Alcidion Group to the ASX), this did not occur and as such were forfeited during the financial year.

(2) Each Class B Contingent shares right will be converted to one fully paid ordinary shares on Alcidion Group achieving \$15,000,000 in revenue (audited) over 12 consecutive months within 36 months from the 29th February 2016 (re-admission of Alcidion Group to the ASX)

(3) Holder of Class B contingent rights will have no right to vote at Company's General Meeting.

(4) No Value has been attributed to Class B Contingent Share Rights since in the opinion of the directors there is very low probability of achieving the vesting targets

9. Remuneration of auditors

	Consolidated 2018 \$	Consolidated 2017 \$
Audit and review of the financial report for the Parent (i)	34,400	47,546

(i) The 2018 auditor of Alcidion Group Limited, is William Buck. Audit fees included above are \$34,400 (2017: \$41,500)

10. Current trade and other receivables

	Consolidated 2018 \$	Consolidated 2017 \$
R&D Tax Offset Refund Due	1,029,690	989,148
Trade accounts receivable	499,501	249,465
	1,529,191	1,238,613

Trade receivable are non-interest bearing and generally on terms of 14-60 days.

No provision for impairment at year end is considered necessary. Credit risk is detailed in Note 26(d).

11. Trade and other payables

	Consolidated 2018 \$	Consolidated 2017 \$
Goods and Services Tax	121,174	57,927
Trade payables (i)	201,391	99,599
Other	116,505	156,967
PAYG withholding	134,535	84,575
	573,605	399,068

(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest is charged at various penalty rates. The group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

12. Intangible Assets (ii)

	Consolidated 2018 \$	Consolidated 2017 \$
Goodwill (i)	771,059	-
Intellectual Property (i)	298,083	-
Patents & Trademarks – at cost	14,331	14,331
Patents & Trademarks – accum. Amortisation	(10,668)	(9,964)
	1,072,805	4,367

(i) Goodwill and Intellectual Property assets have been recognised on the acquisition of Oncall New Zealand Limited and Oncall Systems Limited. Refer to Note 3 for further details.

(ii) Reconciliation of Movements in Intangible Assets

Balance at the Beginning of the Year	4,367	5,071
Additional amounts arising from business acquisitions	1,069,142	-
Amortisation Charged to intangible assets	(704)	(704)
Balance at the End of Year	1,072,805	4,367

13. Plant and equipment

Consolidated	Computer equipment at cost \$	Furniture and fittings at cost \$	Total \$
Cost			
Balance at 1 July 2016	357,127	142,405	499,532
Additions	11,636	2,931	14,567
Balance at 1 July 2017	368,763	145,336	514,099
Additions	21,612	2,250	23,862
Balance at 30 June 2018	390,375	147,586	537,961
Accumulated depreciation and impairment			
Balance at 1 July 2016	279,354	82,360	361,714
Depreciation expense	45,521	9,052	54,573
Balance at 1 July 2017	324,875	91,412	416,287
Depreciation expense	22,810	8,817	31,627
Balance at 30 June 2018	347,685	100,229	447,914
Net book value			
At 30 June 2017	43,888	53,924	97,812
At 30 June 2018	42,690	47,357	90,047

14. Other Liabilities

	Consolidated 2018 \$	Consolidated 2017 \$
Income in advance (i)	942,093	812,954
Other Payables	123,409	-
Contingent Consideration Oncall Systems Ltd. (ii)	475,663	-
	1,541,165	812,954

- (i) *Income in advance relates to invoices issued to customers, or physical cash received from customers for licencing, maintenance and support services to be carried out in future periods.*
- (ii) *Refer to Note 3 for details of the business combination accounting*

15. Employee benefit provisions

	Consolidated 2018 \$	Consolidated 2017 \$
Current		
Annual leave	107,920	31,768
Long service leave	163,314	131,542
	271,234	163,310
Non-current		
Long service leave	111,281	33,400
Total employee provisions	382,515	196,710

16. Issued capital

(a) Issued capital

	Consolidated 2018 \$	Consolidated 2017 \$
607,779,957 fully paid ordinary shares (2017: 607,779,957)	10,793,683	10,793,683

	Consolidated 2018		Consolidated 2017	
	No.	\$	No.	\$
Balance at 1 July 2017	607,779,957	10,793,683	602,779,957	10,568,683
Shares issued during the year	-	-	5,000,000	225,000
Balance at 30 June 2018	607,779,957	10,793,683	607,779,957	10,793,683

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

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

(b) Contingent share rights

	Consolidated 2018		Consolidated 2017	
	No.	\$	No.	\$
Class A Contingent Share Rights				
Balance at 1 July	145,161,290	-	145,161,290	-
Share rights foregone for non-performance of Milestone 1	(145,161,290)	-	-	-
Balance at 30 June	-	-	145,161,290	-
Class B Contingent Share Rights				
Balance at 1 July	148,387,096	-	148,387,096	-
Balance at 30 June	148,387,096	-	148,387,096	-

The Class B Contingent Share Rights have been valued at nil since in the opinion of the Directors there is a very low probability of achieving the vesting targets.

Refer Note 8 for terms & conditions of Contingent Share Rights.

(c) Reserves (i)

	Consolidated 2018 \$	Consolidated 2017 \$
Balance at beginning of financial year	684,000	-
Share-based payment expense	-	684,000
Balance at end of financial year	684,000	684,000

(i) *The reserve records the value of share-based payments provided.*

(d) Movements in options on issue

	2018 No. of options	2017 No. of options
Beginning of the financial year	10,500,000	5,500,000
Options Foregone	(500,000)	(5,000,000)
Options Granted (i)	-	15,000,000
Options exercised	-	(5,000,000)
End of the financial year	10,000,000	10,500,000

(i) *The Group has used the Black Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model. Under AASB 2 'Share Based Payments', no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares.*

The key inputs used in the Black Scholes option pricing model are as follows: The estimated life of the options is approximately 3.54 years; the exercise price is the price at which the underlying ordinary shares will be issued and the Australian Government 3-year bond rate of 1.63% has been applied. Volatility of the share price was calculated by Hoadley's volatility from one, two and three year periods, using data extracted from Bloomberg. The weighted average exercise price of the options is \$0.0456 and the fair value of options granted is \$684,000.

Date options issued	Expiry Date	Exercise price (cents)	Number of options
29 November 2016	30 September 2020	6	5,000,000
29 November 2016	30 September 2020	8	5,000,000
Total number of options outstanding at the date of this report			10,000,000

The weighted average exercise price of these options is \$0.07 & weighted average exercise period is 2 years.

17. Accumulated losses

	Consolidated 2018 \$	Consolidated 2017 \$
Balance at beginning of financial year	(6,055,124)	(3,994,144)
(Loss) attributable to members of the entity	(2,089,313)	(2,060,980)
Balance at end of financial year	(8,144,437)	(6,055,124)

18. Dividends

There were no dividends paid or proposed during the year.

19. Loss per share

	2018 Cents per share	2017 Cents per share
Basic (loss) per share (cents):		
From continuing operations	(0.34)	(0.34)
	Consolidated 2018 \$	Consolidated 2017 \$
Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share		
Loss after tax	(2,089,313)	(2,060,980)
	2018 No.	2017 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	607,779,957	604,159,738

The rights of options held by option holders and the Contingent Share Rights have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights of options and the Contingent Share Rights are non-dilutive as the exercise prices are higher than the Company's share price at 30 June 2018 for the option holders and the Group has also incurred a loss for the year.

20. Related party disclosures

(a) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in Note 7 to the financial statements.

(b) Loans to key management personnel and their related parties

There have been no loans to key management personnel during the year.

(c) Other transactions with key management personnel

WE Buchan was paid \$85,861 for Investor Relation services, a company in which non-executive director Rebecca Wilson is interested. Balance payable as 30th June 2018 is \$10,446.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

21. Commitments

The Group has entered into an operating lease for the office premise at 40 Greenhill Road, Wayville SA 5034. The term of the lease commenced 1 May 2017 and expires on 30 April 2019 together with a further six (6) rights of six month renewals.

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

	Consolidated 2018 \$	Consolidated 2017 \$
Within one year	84,583	50,750

As at 30 June 2018 the Group has no other commitments (2017: nil) and no other other non-cancellable operating leases contracted for but not recognised.

22. Contingencies

In the opinion of the Directors, the Group did not have any contingent liabilities or contingent assets as at 30 June 2018 (2017: nil).

The Company has provided security as follows; first registered Company charge by Alcidion Corporation Pty Ltd over the whole of its assets and undertakings including uncalled capital for any debt incurred that is not recoverable to its bankers. At 30 June 2018, overdraft used is \$0 (unused: \$200,000). At 30 June 2018, credit card balance used is \$45,914 (unused: \$109,086).

Variation to the security; guarantee limited to \$210,000 by Mr Raymond Blight and Guarantee limited to \$210,000 by Professor Malcolm Pradhan. This security is against the overdraft and credit card facilities with CBA.

23. Segment reporting

The Group operates predominantly in the health informatics industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the provision of health informatics software in Australia. All the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

24. Subsequent events

The Company has had the following subsequent events post 30th June 2018:

- a. Completion of the acquisition of MKM Health & Patientrack on 2nd July 2018
- b. Appointment of Ms Kate Quirke as Alcidion Group Chief Executive Officer and Executive Director as at 2nd July 2018;
- c. ACT Health contract for first fully integrated Miya, Smartpage and Patientrack installation was signed 4th July 2018 with a minimum value of \$4.75 million.

- d. NT Health contract for ongoing supply of Miya platform and suite of applications was granted a Notice of Acceptance 17th July with an annual annuity of \$888,000 for a 3 year term valued at \$2.66 million and a further 2, 1 year extensions.

25. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

	Consolidated 2018 \$	Consolidated 2017 \$
Cash and cash at bank	2,890,339	5,331,263

(b) Reconciliation of loss for the year to net cash flows from operating activities

(Loss) for the year after income tax	(2,089,313)	(2,060,980)
Depreciation and amortisation of non-current assets	47,221	55,277
Share based payment expense	-	684,000
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Trade and other receivables	(306,172)	883,560
Other Assets	(42,973)	(25,425)
Intangible Assets	(476,681)	-
Deferred Tax Assets	(45,940)	23,367
Increase/(decrease) in liabilities:		
Trade and other payables	174,537	(25,339)
Provisions	185,805	(53,883)
Other Liabilities	728,211	-
Net cash used in operating activities	(1,825,305)	(519,423)

26. Financial instruments

(a) Financial risk management objectives

The Group enters into financial instruments, including derivative financial instruments. The Group's financial instruments consist mainly of deposits with banks, accounts receivables and payables. The totals for each category of financial instruments is shown at Note 26(c).

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(c) Interest rate risk management

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

Maturity profile of financial instruments

The following table details the Company's exposure to interest rate risk.

	Weighted average interest rate %	Variable interest rate \$	Fixed maturity dates			Non- interest bearing \$	Total \$
			Less than 1 year \$	1-5 years \$	5+ years \$		
2018							
Financial assets:							
Cash and cash equivalents	1.42%	1,237,343	1,652,996	-	-	-	2,890,339
Trade and other receivables	-	-	-	-	-	1,529,191	1,529,191
		1,237,343	1,652,996	-	-	1,529,191	4,419,530
Financial liabilities:							
Trade and other payables	-	-	-	-	-	573,605	573,605
	-	-	-	-	-	573,605	573,605
2017							
Financial assets:							
Cash and cash equivalents	1.88%	294,874	5,036,389	-	-	-	5,331,263
Trade and other receivables	-	-	-	-	-	1,238,613	1,238,613
		294,874	5,036,389	-	-	1,238,613	6,569,876
Financial liabilities:							
Trade and other payables	-	-	-	-	-	399,068	399,068
	-	-	-	-	-	399,068	399,068

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The quality of debtors is best monitored by the ageing of open invoices in accounts receivable.

Trade receivables are analysed as follows:

	Consolidated 2018 \$	Consolidated 2017 \$
Not impaired:		
- Within trade terms	458,419	180,882
- Past due but not impaired	41,082	68,583
Total trade receivables	499,501	249,465

Receivables that are neither past due nor impaired comprise customers with a long-term record of timely payments and/or no recent history of default arising from financial difficulty.

Receivables that are past due but not impaired comprise customers which do not have any objective evidence that the receivable may be impaired. Alcidion has actively engaged these customers and reasons for the invoices remaining outstanding are being actively resolved.

An allowance for doubtful debts is recognised where Alcidion has identified objective evidence that an amount owing may not be recoverable, mainly arising from observed financial difficulty of a customer.

Analysis of age of trade receivables:

Consolidated:

2018	Not Past Due	60-90 days	> 90 days	Total
Trade receivables	458,419	-	41,082	499,501
Total	458,419	-	41,082	499,501
2017	Not Past Due	60-90 days	> 90 days	Total
Trade receivables	180,882	-	68,583	249,465
Total	180,882	-	68,583	249,465

(e) Liquidity risk management

Liquidity risk arises from the possibility that the Group may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. It is a policy of the Group that creditors are paid within 30 days.

2018 Financial liabilities:	Variable interest rate \$	Fixed maturity dates			Non-interest bearing \$	Total \$
		Less than 1 year \$	1-5 years \$	5+ years \$		
Trade and other payables	-	-	-	-	573,605	573,605
	-	-	-	-	573,605	573,605
2017 Financial liabilities:						
Trade and other payables	-	-	-	-	399,068	399,068
	-	-	-	-	399,068	399,068

The amounts listed above equate to fair value. The cashflows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

27. Information relating to Alcidion Group Limited (the parent)

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

All assets listed below equate to fair value.

Statement of financial position

	2018 \$	2017 \$
Assets		
Current assets	1,986,031	4,087,173
Non-current assets (i)	11,864,578	12,406,117
Total assets	13,850,609	16,493,290
Liabilities		
Current liabilities	522,469	110,238
Non-current liabilities	33,891	12,071
Total liabilities	556,360	122,309
Net assets	13,294,249	16,370,981
Equity		
Issued capital	23,151,487	23,151,487
Reserves	1,193,619	1,193,619
Accumulated losses	(11,050,857)	(7,974,125)
Total equity	13,294,249	16,370,981

- (i) *The Investment in Alcidion Corporation Pty Ltd asset which had a value of \$12.4 million has been impaired by \$1.2 million regarding the non-core component iCVIS, as this OEM product with FujiFilm has not delivered the expected revenues over the last financial period. The core Miya platform and associated products have not been impaired, resulting in an investment in Alcidion Corporation Pty Ltd investment balance of \$11.2 million at 30 June 2018.*

Statement of Profit or Loss & Other Comprehensive Income

	2018	2017
	\$	\$
Total Loss for the year before impairment charge	1,876,804	1,710,097
Total Loss for the year after impairment charge	3,076,804	1,710,097
Total comprehensive loss for the year	3,076,804	1,710,097

28. Interests in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of Entity	Country of Incorporation	Percentage Owned (%)	
		2018	2017
Alcidion Corporation Pty Ltd	Australia	100	100
Oncall Systems Ltd.	New Zealand	100	-

29. Guarantees

Alcidion has entered into guarantees, as disclosed at Note 22.

30. Capital Commitments

At 30 June 2018, Alcidion had no approved budgeted capital expenditure for capital purchases (2017: NIL).

Additional Shareholders' Information

Alcidion Group Limited's issued capital is as follows:

Ordinary Fully Paid Shares

At the date of this report there are the following number of Ordinary fully paid shares

	Number of shares
Balance at the beginning of the year	607,779,957
Movements of share options during the year and to the date of this report	-
Total number of shares at the date of this report	607,779,957

Shares Under Option

At the date of this report there are 10,000,000 unissued ordinary shares in respect of which options are outstanding.

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

The balance is comprised of the following:

Date options issued	Expiry date	Exercise price (cents)	Listed/Unlisted	Number of options
29 November 2016	30 September 2020	0.06	Unlisted	5,000,000
29 November 2016	30 September 2020	0.08	Unlisted	5,000,000

No person entitled to exercise any option referred to above has had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Substantial shareholders

Alcidion Group Limited has the following substantial shareholders as at 30 June 2018:

Name	Number of shares	Percentage of issued capital
Professor Malcolm Pradhan	134,582,403	22.14
Mr Raymond Howard Blight	101,751,588	16.74
BSPE Medical Technology Pty Ltd <BSPE Medical Tech Unit A/C>	84,864,273	13.96

Range of shares as at 30 June 2018

Range	Total Holders	Units	% Issued Capital
1 - 1,000	85	6,676	0.00
1,001 - 5,000	28	116,950	0.02
5,001 - 10,000	150	1,357,579	0.22
10,001 - 100,000	668	32,234,707	5.30
100,001 - > 100,001	499	574,064,045	94.46
Total	1,430	607,779,957	100.00

Unmarketable parcels as at 30 June 2018

	Minimum parcel size	Holders	Units
Minimum \$500.00 parcel at \$ 0.052 per unit	9,616	170	551,921

Top 20 holders of ordinary shares as at 28 August 2018

	Name	Units	%
1	MR MALCOLM PRADHAN	134,582,403	16.70
2	MR RAYMOND HOWARD BLIGHT	94,828,781	11.77
3	BSPE MEDICAL TECHNOLOGY PTY LTD <BSPE MEDICAL TECH UNIT A/C>	84,864,273	10.53
4	CALEDONIA NOMINEES PTY LTD <CALEDONIA A/C>	42,792,191	5.31
5	ISLE OF WIGHT PTY LTD <MACKINNON FAMILY A/C>	42,792,191	5.31
6	REWMICMAN PTY LTD <SMALLMAN FAMILY A/C>	26,334,588	3.27
7	RANGIORA-LONDON PTY LTD <RANGIORA-LONDON A/C>	19,749,426	2.45
8	MS KATRINA ELIZABETH DOYLE	17,323,876	2.15
9	MKMS INVESTMENT PTY LTD <MKMS INVESTMENT A/C>	8,989,522	1.12
10	MR MICHAEL DAVID BUIST + MRS SARAH LEE BUIST <MICHAEL & SARAH BUIST SF A/C>	8,625,560	1.07
11	ALLURE CAPITAL PTY LTD <BUZZA FAMILY A/C>	6,650,000	0.83
12	THE ANDROMEDA GROUP PTY LTD	6,552,238	0.81
13	MR MICHAEL DAVID BUIST	6,509,831	0.81
14	MNMD PTY LTD <QUIRKE S/FUND A/C>	6,370,915	0.79
15	WALSH PRESTIGE PTY LTD <WALSH FAMILY A/C>	5,500,001	0.68
16	MS ROBYN GAILE MORRIS	5,235,340	0.65
17	ZIGSUPER PTY LTD <ZIGURAS SUPER FUND A/C>	4,000,000	0.50
18	MR DUNCAN ROBERT CRAIG	3,873,101	0.48
19	MRS SOFIAH VALIBHOY	3,726,236	0.46
20	MR LEE ZAMMIT	3,500,000	0.43
Total of Top 20 Holders of ORDINARY SHARES		532,800,473	66.13

About Alcidion

Alcidion Group Limited (ASX:ALC) has a simple purpose: to make healthcare better with smart, intuitive solutions that meet the needs of hospital and allied healthcare, worldwide. The Group consists of three healthcare software companies; Alcidion Corporation, Patientrack and Smartpage, and MKM Health, an IT solutions and services provider. Each company brings a complementary set of products and skills that create a unique offering in the global healthcare market; solutions that support interoperability, allow communication and task management, and deliver clinical decision support at the point of care to improve patient outcomes. With over 25 years of combined healthcare experience, the Alcidion Group of companies brings together the very best in technology and market knowledge to deliver solutions that make healthcare better for everyone.

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