MEDIC VISION LIMITED

AND ITS

CONTROLLED ENTITIES

ABN: 67 009 084 143

ANNUAL FINANCIAL REPORT

YEAR ENDED 30 JUNE 2010

CONTENTS

CHAIRMAN'S LETTER

Dear Shareholders,

The financial year ended 30 June 2010 was a make or break year in terms of the future of Medic Vision Limited (MVH) having been suspended from the ASX with the question mark over the future viability of the Medical Simulator business.

Having joined the Board in September 2009 as Executive Chairman of MVH, along with the CEO Vince Leone and fellow director Frank Cannavo we undertook a comprehensive strategic review of the company and I am glad to report that the board and management have not only executed a remarkable restructure but also repositioned Medic Vision as a Media Company. This is clearly evidenced by the financial turn around of the company demonstrated by the 65% decrease in the loss made during the year.

Having reinvented itself as a niche Media Company following the acquisition of cBox the Board has been in several discussions with suitable businesses that are not only synergistic but also able to provide a globally scalable platform to create exponential value for our shareholders. To that end we have executed a heads of Agreement with an exciting global mobile marketing company the mConnect group and are in the process of working towards a successful completion of that transaction.

Mobile Marketing is a multi billion dollar industry with an evolving competitor landscape of few established global providers. The mConnect transaction positions MVH as one of the few end to end mobile marketing providers with the global reach to benefit from the exponential growth in this exciting industry.

The company's focus for the year ahead will be to consolidate its position as a niche media service provider and to drive the aggressive growth targets that the Management team has signed up to.

The new acquisition and the capable management team that are coming together with the resurgence in the media sector gives me great confidence in the company's future.

Jitto Arulampalam

Executive Chairman
30 September 2010

CORPORATE DIRECTORY

DIRECTORS
Mr. Jitto Arulampalam (Chairman) (appointed 14 September 2009)
Mr Frank Cannavo
Mr Jason Edwards (appointed 2 February 2010)
Mr Terence Wong (appointed 28 July 2010)
Mr Vince Leone (Chief Executive Officer) (appointed as a director on 20 May 2009 and assumed the role of CEO 4 June 2009 and ceased to be director on 28 July 2010)
Mr Ponnambalam Sivasubramaniam (appointed 6 April 2009) (resigned 14 August 2009)Mr Ratnarajah ("Thamby") Navaratnam (appointed 10 September 2008)(resigned 15 July 2009)

COMPANY SECRETARY
Mr. Justyn Stedwell (appointed 28 October 2009)

Mr Mark Licciardo (appointed 5 November 2008) (resigned 4 September 2009)

Mr Jitto Arulampalam (appointed 14 September 2009) (resigned 30 October 2009)

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AUDITORS
PKF
Level 14
140 Williams Street
Melbourne Victoria 3000

SOLICITORS
Prosperity Legal
GEELONG (HEAD OFFICE) Suite 2/72 Gheringhap Street, Geelong VIC 3220

BANKERS
Commonwealth Bank of Australia
499 St Kilda Road

Melbourne 3000

STOCK EXCHANGE LISTING
The Company is listed on the Australian Securities Exchange and was listed in the AIM market of the London Stock Exchange Plc., UK until 24 December 2009
Home Exchange – Melbourne, Australia

Codes:
ASX:MVH (ordinary shares)
ASX:MVHOA (Options)

AIM (UK):MVH (ordinary shares)

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REVIEW OF OPERATIONS

Most of last financial year was spent in the restructuring and repositioning of Medic Vision Limited (MVH) and the Board and Management are pleased to report the following as a result of the turn around and repositioning exercise. We are pleased to highlight the following achievements.

1) Discontinue loss making operations

Following the strategic review of the company the Board decided to exit the medical simulator business due to the lack of resources and relevant in-house expertise to make it a commercially viable enterprise. As part of this restructuring process staff and management belonging to the medical simulator subsidiaries were terminated in an orderly manner to preserve the value of the Intellectual Property and existing customer relationships of the business. The company also eliminated all related overheads of this business like multi location premises, R&D, travel and accommodation related cost. The subsidiaries housing the medical business were progressively cleaned up with a view to divest in the future.

2) Raise much needed working capital (Convertible notes)

The Board led by Frank Cannavo successfully raised $838,980 by way of convertible notes at 2cents while the company was suspended and the future appeared fairly bleak. This much needed working capital not only helped to fund the restructure of the organisation but also to meet ASX and external audit requirements in terms of the going concern nature of the MVH. We are happy to report that the convertible notes have now been converted to equity strengthening our balance sheet in the process.

3) Restructure Board and Management

During the financial year Medic Vision was able to strengthen its Board with the appointment of Jitto Arulampalam and Jason Edwards following the departure of former chairman Mr Thamby Navaratnam and CEO Ross Horley. The company also enormously benefited by the appointment of Vince Leone as its CEO who spearheaded the restructuring process.

These changes reflect the changing nature of Medic Vision from Medical to Media.

4) Relisting on ASX after brief delisting

A significant milestone of the company was to relist from an eight months suspension on the 27 October 2010 following successfully meeting the requirements of ASX after submitting Annual Audited Financial Accounts including the Independent Auditors Report.

5) Acquire profitable cBox

The acquisition of cBox has been completed and the company achieves and often exceeds its revenue targets each month. cBox have kept the customer cycle healthy by signing up 18 new clients since January 2010, 15 of whom are still active. Further evidence of cBox as a profitable business is as follows;

- cBox successfully won the tender to provide media distribution services to Business Wire (A Berkshire Hathaway Holdings company)
- The company also entered into an Agents agreement with Business Wire to resell media services globally
- cBox recently secured large US print client "Vistaprint" for committed marketing volumes (1 Million broadcasts per month minimum)
- The messaging arm of cBox secured large Australian client "Sykes" to provide messaging services for the Banking and Finance sector

6) Commence divestment of non core assets program

On the 3 December 2009 the company entered into a heads of agreement with Leading Edge Instrument Limited (LEI) to divest all of its medical subsidiaries for a consideration of $6.1m in LEI script subject to LEI raising $3m in capital and meeting all relevant shareholder and regulatory approval. This opportunity still exists but other options are being investigated following the expiry of the exclusive period in the heads of agreement.

7) De list from UK AIM market

The company, after months of negotiation and discussion with the UK Nomads were successfully de listed from the AIM market on 24 December 2009.

8) Change company's core business from Medical to Media

The change of company direction from Medical to Media through the acquisition of cBox has allowed for on-going guaranteed monthly revenue and future growth. The existing industry status that the cBox branding holds provides Medic Vision an established foothold in the media sector. Testimony of the valuable branding which cBox own is through the ACMA engaging the company consultatively as a broadcast expert for the creation of an Industry Compliance Standard/Code of practice. Further to this cBox submitted an industry paper to the ACMA, published on-line on the 3rd September 2010.

9) Support cBox aggressive organic growth plan

The Board has fully supported the cBox growth plan through development of services/products and future acquisitions. Some achievements in this area to date are as follows;

- The engagement of Mytel as a new broadcast supplier to cater for cBox increased volumes
- Securing an outsourced media partner "Seeking Media" for servicing Business Wire
- The engagement of NS Corp for continued technical development of cBox services
- The completed development of an outsourced Media distribution arm as part of the cBox suite of products
- Supporting and assisting through legal guidance, changed data management and workflow processes in line with new industry legislation and the ACMA compliance protocols
- The Board supported and assisted cBox through 2 business location changes, the recent move to the CBD area promotes easier access to cBox clients

Jitto Arulampalam

Executive Chairman
30 September 2010

DIRECTORS' REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2010.

Directors

The names of Directors in office at any time during or since the end of the financial year are:

Mr. Jitto Arulampalam (Executive chairman) (appointed 14 September 2009)

Mr. Arulampalam has extensive corporate restructuring skills gained in several turnaround situations. Having spent more than eight years with Westpac Banking Corporation in several key operational and strategic roles, he was hired by Newsnet Ltd as its CEO in 2005 to assist in the successful restructuring of the Company and to position it for IPO. He successfully repositioned Newsnet as a leading innovator in messaging/telco space to be recognised by the Australian Financial Review MIS magazine as one of the "Top 25 global raising stars" in 2006. Mr. Arulampalam is a charter member of The Indus Entrepreneur (TIE), the largest entrepreneurial network in the world and is a member of the Australian Institute of Company Directors.

Mr. Jitto Arulampalam has solid commercial experience and has extensive experience as a board member of a number of successful companies.

Directorships held in other listed entities in the past three years: (ATOS Wellness Limited)

Mr Frank Cannavo
Non-Executive Director
Mr Cannavo has considerable experience within the listed company sector and in several cases has been instrumental in assisting in the achievement of growth strategies. Mr Cannavo was appointed an Executive Director of Medic Vision on 5 April 2007 and became Non-Executive Director on 22 May 2009 and Acting Chairman from 15 July 2009 until 14 September 2009.

Mr Cannavo is also Acting Chairman of the Remuneration Committee and a member of the Audit & Risk Committee.

Directorships held in other listed entities in the past three years: Hannans Reward Limited (HNR) between 2006 and 2009 and ATOS Wellness (ATW) between 2008 and 2009)

Mr. Jason Edwards (appointed 2 February 2010)
Mr. Jason Edwards has a distinguished career in the marketing and communications industry spanning over 12 years. Mr Edwards's domestic experience in sales, marketing and operational management capacity ranges from the private to the public company sector at an Executive management level. His international experience includes; strategic marketing, sales and viability market research for businesses in countries such as, Russia, Prague, The UK and Japan. Currently Mr Edwards is managing the newly acquired cBox Pty Ltd.

Mr Terence Wong (appointed 28 July 2010 as an independent non-executive director)

Mr. Wong's background and past experience includes being a director of a Hong Kong Stock Exchange listed company and over 18 years experience in funds management and investment banking in Hong Kong and the Peoples Republic of China. Mr. Wong's extensive Asian business experience and network will support the Company's next phase of growth.

Mr Vince Leone

Executive Director (appointed 20 May 2009, resigned 28 July 2010)
Chief Executive Officer (appointed 4 June 2009)
Mr Leone was appointed to the Board on 20 May 2009 and to the position of Chief Executive Officer on 4 June 2009.

Mr Leone was responsible for all operational activities of Medic Vision and its subsidiaries and reported directly to the Board of Directors.

Mr Leone has 22 years business experience in a range of senior management positions covering sales, marketing and operations with a particular focus in professional services, training, information technology and telecommunications. Mr Leone's experience and background compliments the achievements of Ross Horley in establishing the Company, developing leading medical simulator technology and establishing relationships with key medical organisations and hospital groups around the world.

Mr Leone was a member of the Audit & Risk Committee and Remuneration Committee.

Directorships held in other listed entities in the past three years: Hostech Limited (between July 2007 and June 2009)

Company Secretary

Mr Justyn Stedwell (appointed 28 October 2009)

Justyn Stedwell has completed a Bachelor of Business & Commerce (Management & Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University and a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia. Justyn has four years experience acting as a Company Secretary of various ASX listed companies in a wide range of industries. He is currently also Company Secretary of ASX listed companies Hostech Limited (ASX:HTC), Solagran Limited (ASX:SLA) and Consolidated Capital Investments Limited (ASX:CNC).

Mr Ponnambalam ("Siva") Sivasubramaniam
Non-Executive Director (appointed 6 April 2009) (resigned 14 August 2009)

Mr. Sivasubramaniam has extensive international commercial knowledge and experience in sales and marketing in the Asia Pacific region. Siva assisted in reviewing the Medic Vision business and setting profitability targets

Directorships held in other listed entities in the past three years: Nil

Mr. Ross Horley C. Elec. Eng
Executive Director (resigned 2 September 2009)

Mr Horley was the Managing Director of Medic Vision until May 2009. Mr Horley spent many years and significant funds establishing Medic Vision's medical simulator technology (Mediseus®) and attempted numerous times to establish the Company as a service provider dedicated to achieving better and safer medical outcomes. Mr. Horley signed a number of Heads of Agreement for the Company and oversaw a number of innovative projects for the Company in Australia, United Kingdom and Asia.

Directorships held in other listed entities in the past three years: Nil

Mr Ratnarajah ("Thamby") Navaratnam
Non-Executive Chairman
(appointed 10 September 2008)(resigned 15 July 2009)

Mr. Navaratnam has a background in healthcare manufacturing and trading. Mr. Navaratnam held chairmanship positions in various corporate entities involved in healthcare, chemicals, property development and garment sectors

Directorships held in other listed entities in the past three years: Nil

Directors' Interest

The relevant interest of each director in the shares and options issued by the companies within the consolidated entity and other related body corporate's as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Full Paid Shares	Options
Mr Jitto Arulampalam	2,500,000	2,500,000
Mr Frank Cannavo	9,120,850	3,500,000
Mr Jason Edwards	8,270,200	Nil
Mr Vince Leone	7,664,000	3,500,000
Mr Terrence Wong	Nil	Nil
Mr Ponnambalam Sivasubramaniam	Nil	Nil
Mr Ross Horley	Nil	1,000,000
Mr Ratnarajah Navaratnam	72,304	Nil

Dividends

The Directors did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2010 financial year.

Principal Activities

The economic entity's principal activities in the course of the financial year were the research, development and commercialisation of medical devices and diagnostic simulators. The economic entity has signed a number of Memoranda of Understanding during the financial year. This is the first step in the economic entity's shift in its principal activities into developing a niche media service provider.

Review and Results of Operations

The consolidated net loss for the year after income tax attributable to members of the parent entity amounted to $1,082,137 (2009 loss: $2,464,407). [The Review of Operations is set out on pages 3 to 4].

Significant Changes in the State of Affairs

On 15 January 2010 Medic Vision Ltd fully acquired cBox Pty Ltd a digital marketing and communications company. CBox is an innovative digital marketing and communications business offering cost effective digital marketing and communications solutions on a global scale via fax, email, mobile phones/SMS and Interactive Voice Recognition (IVR).

To complete the acquisition, Medic Vision Ltd issued 45,600,000 fully paid ordinary shares with a further 18,000,000 contingent consideration due upon conversion of convertible notes. 250,000 of the contingent consideration has been issued and a further 17,750,000 shares are to be issued post balance date. The published price of the Company's shares on 15 January was $0.03 and this price is taken as the fair value of the shares issued and of the contingent consideration.

During this year, on 10 December 2009, the Company acquired a further interest of 9.29% in Red Paragon Pty Ltd via the issue of 2,000,000 Medic Vision shares in addition to the 87.5% interest in Red Paragon Pty Ltd, an entity which manufactures energy efficient, rapid erection and low cost wall, floor, ceiling building panels, which can be used in the construction of medical skills training centres, already held.

The shares were trading at 3 cents on the date of issue, resulting in an additional $60,000 in consideration being paid for the shares acquired. After the additional equity purchase Medic Vision Ltd holds 96.79% shares of Red Paragon.

Other than the above, in the opinion of the Directors, there were no significant changes in the state of affairs of the economic entity during the financial year under review than otherwise disclosed in the Annual Report.

Significant After Balance Date Events

After 30 June 2010 the company has entered into a heads of agreement to acquire mConnect Pty Ltd, an international mobile marketing and content distribution company (target company) which has global presence and contracts with mobile carriers around the globe for the distribution of mobile content

Likely Future Developments, Prospects and Business Strategies

The likely developments in the economic entity's operations, to the extent that such matters can be commented upon, are covered in Review of Operations.

Environmental Issues

The economic entity's activities are in compliance with all prescribed environmental regulations.

Share Options

Unissued Shares
As at the date of this report there were 19,750,173 unissued ordinary shares under options. Refer to the remuneration report for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares Issued as a result of the Exercise of Options
During the financial year, no options were exercised.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company held an insurance policy to indemnify Directors and Officers against certain liabilities incurred as a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the Directors, Officers or Auditors of the Company or any related body corporate against the liability incurred as such a Director, Officer or Auditor.

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of premium.

Meetings of Directors

The following tables set out the number of Directors' Meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member). During the financial year seven Board meetings, one Audit, Risk and Compliance and one Remuneration Committee meetings were held.

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Directors:						
Mr Ross Horley (resigned 2 September 2009)	3	2	-	-	-	-
Mr Frank Cannavo	10	10	1	1	1	1
Mr Vince Leone (appointed 20 May 2009 and resigned 28 July 2010)	10	10	1	1	-	-
Mr. Jitto Arulampalam (appointed 14 September 2009	8	8	-	-	-	-
Mr Jason Edwards (appointed 2 February 2010)	4	4	-	-	1	1
Mr Ponnambalam Sivasubramaniam (appointed 20 May 2009) (resigned 14 August 2009)	1	1	-	-	-	-
Mr Ratnarajah ("Thamby") Navaratnam (appointed 10 September 2008) (resigned 15 July 2009)	1	1	-	-	-	-

Auditor

In accordance with the provisions of the *Corporations Act 2001*, the Company's auditors, PKF Chartered Accountants, continue in office.

Non-audit Services

The auditors did not perform any other services during the financial year ended 30 June 2010.

The following fees were paid/ payable to the external auditors.

	2010	2009
Audit Services		
Review	\$ 15,000	\$16,500
Audit	\$ 35,000	\$ 29,500
Non-audit Services		
Assurance services regarding ASX requirements	-	\$4,500

Auditor's Independence Declaration

The Lead Auditor's Independence Declaration for the year ended 30 June 2010 has been received and can be found on page 16.

This Remuneration Report outlines the director and executive remuneration arrangements of the company and the group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives and secretaries of the parent and the group

Details of Key Management Personnel

Directors	
Mr Jitto Arulampalam	Executive Chairman (appointed 14 September 2009)
Mr Vince Leone	Chief Executive Officer (appointed 20 May 2009)
Mr Jason Edwards	(appointed 3 February 2010)
Mr Frank Cannavo	[Acting Chairman] and Non-Executive Director
Mr. Terence Wong	(appointed 28 July 2010 as Non-Executive Director)
Mr Ross Horley	Executive Director (resigned 2 September 2009)
Mr Ponnambalam Sivasubramaniam	Non-Executive Director (appointed 6 April 2009) (resigned 14 August 2009)
Mr Ratnarajah ("Thamby") Navaratnam	Non-executive Chairman (appointed 10 September 2008)(resigned 15 July 2009)
Executives	
Mr Justyn Stedwel	Company Secretary (appointed 30 October 2010)
Mr Mark Licciardo	Company Secretary (appointed 5 November 2008) (resigned 4 September 2009)

Elements of Director and Executive Remuneration

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees and bonuses
- Post-employment benefits including superannuation

Equity including share options granted as performance bonuses or in lieu of services.

Other benefits including additional consulting fees.

Remuneration Policy

The remuneration of all Executives and Non-executive Directors, Officers and Employees of the Company is determined by the Board.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with best practice including the interests of shareholders. Where possible/relevant remuneration packages are based on fixed and variable components determined by the Executives' positions, experience and performance and may be satisfied via cash or equity.

Non-executive Directors are remunerated out of the maximum aggregated amount approved by shareholders and at a level that is consistent with industry standards. Non-executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable, other than statutory superannuation, if applicable.

Remuneration Policy versus Company Financial Performance
The Company's Remuneration Policy is not directly based on performance, rather on industry practice.

The Company's primary objective was sale of and research and development of medical training simulators and it has now focussed on becoming a niche media service provider.

The Company is working hard so that its performance in terms of earnings may become positive in the next 12 months by leveraging the significant changes initiated by the new board and management team.

Performance-based Remuneration
The purpose of a performance-based bonus is to reward individual and team based performance in line with Company objectives. Consequently, performance-based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured by key performance indicators (KPIs).

The Company uses a number of KPIs to determine achievement, depending on the role of the Executive being assessed.

These include:

- successful contract negotiations
- Successful revenue generation
- achievement of project milestones within budget and on time
- Company share price reaching a target on the ASX and UK AIM.

In the current period no performance based remuneration was awarded by the Company.

Company Performance Review

Profit Performance	2010 $	2009 $	2008 $	2007 $	2006 $
Revenue	1,093,961	1,548,383	3,124,696	1,653,977	2,964,201
Net loss before tax	(1,082,133)	(2,464,407)	(5,483,777)	(5,846,322)	(2,850,923)
Net loss after tax	(1,082,133)	(2,464,407)	(5,483,777)	(5,846,322)	(2,850,923)
Key Management Remuneration	765,401	516,684	818,533	1,518,769	1,608,881

Share Performance	2010 C	2009 C	2008 C	2007 C	2006 C
Share price at the start of year	4.25	6.50	29.0	20.0	19.0
Share price at the end of year	1.00	4.00[1]	6.50	29.0	20.0
Dividend	-	-	-	-	-
Basic earnings per share	(0.07)	(2.32)	(5.88)	(6.01)	(5.37)
Diluted earnings per share	(0.07)	(2.32)	(5.88)	(6.01)	(5.37)

(i) The company was suspended from the Australian Stock Exchange at 30 June 2009. The Company's shares last traded at 4 cents prior to suspension.

Remuneration

Compensation of Key Management Personnel – 2010

	Short-term		Post Employment	Share-based		
	Salary or Base Fees	Other fees	Superannuation Contributions	Equity	Total Performance Related	Total
Directors	$	$	$	$	%	$
Mr Jitto Arulampalam	-	99,182	-	102,500	-	201,682
Mr. Vince Leone (appointed April 2009 and resigned 28 July 2010)	95,859	55,425	8,627	159,600	-	319,511
Mr Frank Cannavo	-	-	-	45,667	-	45,667
Mr. Jason Edwards (appointed 3 February 2010)	54,000	19,854	4,860	-	-	78,714
Mr. Ross Horley (resigned 2 September)	-	-	-	64,148	-	64,148
Mr Thamby Navaratnam (appointed 10 Sept 2008) (resigned 15 July 2009)	-	25,000	-	-	-	25,000
Mr Ponnambalam Sivasubramaniam (appointed 20 May 2009) (resigned 14 August 2009)	-	5,416	-	-	-	5,416
Executives						
Mr Justyn Stedwell (appointed 30 October 2009)	-	9,600	-	6,400	-	16,000
Mr. Mark Licciardo (appointed 5 November 2008) (resigned 4 September 2009)	-	9,263	-	-	-	9,263
	149,859	223,740	13,487	378,315	-	765,401

Other fees include consulting fees and motor vehicle allowances paid.

In the current period no performance or share based payments were awarded by the company.

Compensation of Key Management Personnel – 2009 (Cont.)

	Short-term		Post Employment	Share-based		
	Salary or Base Fees	Other fees	Superannuation Contributions	Equity	Options	Total
Directors	$	$	$	$	$	$
Mr Ross Horley	26,667	176,472 [i]	3,300	-	-	206,439
Mr Frank Cannavo	26,667	74,167 [ii]	3,300	-	-	104,134
Professor Patrick Cregan (appointed 28 Jan 2008) (resigned 31 August 2008)	9,861	-	875	-	-	10,736
Mr Thamby Navaratnam (appointed 10 Sept 2008) (resigned 15 July 2009)	23,611	29,700 [iii]	-	-	-	53,311
Mr. Vince Leone (6 April 2009)	28,900	10,000 [iv]	2,601	-	-	41,501
Mr Ponnambalam Sivasubramaniam (appointed 20 May 2009) (resigned 14 August 2009)	-	-	-	-	-	-
Executives						
Mr Adam Legg (appointed 8 Nov 2007) (resigned 28 Oct 2008)	72,630	-	-	-	-	72,630
Mr. Mark Licciardo (appointed 5 November 2008) (resigned 4 September 2009)	-	27,933 [v]	-	-	-	27,933
	188,336	318,272	10,076	-	-	516,684

In the year 2009 no performance or share based payments were awarded by the company.

(i) Other fees include consulting fees paid with respect to Ross Horley as former Chief Executive Officer of Medic Vision Health Pty Ltd

(ii) to (iv) Other fees include consulting fees

(v) The Other fee was paid to Mark Licciardo for the provision of company secretarial services to the group.

Option Compensation, Granted and Vested during the Year

Details of vesting profile of the options granted as remuneration to Key Management Personnel.

30 June 2010

The following options were issued to directors and executives:

Directors	Granted No.	Grant Date	Fair Value per option at grant date	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	Vested No.	% remuneration consisting of options and shares for the year
Mr Jitto Arulampalam	2,500,000	14 Dec 2009	$0.011	$0.0457	31 Dec 2012	19 Dec 2009	31 Dec 2012	2,500,000	50.8%
Mr Frank Cannavo	2,500,000	14 Dec 2009	$0.011	$0.0457	31 Dec 2012	19 Dec 2009	31 Dec 2012	2,500,000	100%
Mr Vince Leone	3,500,000	14 Dec 2009	$0.011	$0.0457	31 Dec 2012	19 Dec 2009	31 Dec 2012	3,500,000	49.9%

The options were issued to establish long term goal congruence between the company and directors. They vested five days after issue once the share price had closed above 2 cents for five consecutive days.

During the year ending 30 June 2009 no options were vested or granted to Directors or Executives.

Options Granted as part of Remuneration

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified Key Management Personnel. The fair value of the options granted as part of remuneration is determined at grant date, if the options immediately vested the full value of the option is recognised in remuneration in the current year.

During the reporting period, no shares were issued on the exercise of options previously granted as remuneration.

During the period the following directors' options lapsed unexercised.

	2010 No.	2009 No.
Mr Ross Horley	1,000,000	500,000
Mr Frank Cannavo	1,000,000	500,000

Shares issued as remuneration

Directors	No	Date issued	$ Value per share
Mr Jitto Arulampalam	2,500,000	14 Dec 2009	$0.034
Mr Frank Cannavo	908,350	14 Dec 2009	$0.034
Mr Vince Leone	2,305,000	14 Dec 2009	$0.034
Mr Vince Leone	3,500,000	14 Dec 2009	$0.034
Mr Ross Horley	1,886,700	14 Dec 2009	$0.014

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
28 February 2012[i]	$0.20	500,000
30 November 2012[i]	$0.177	2,000,000
31 December 2010[i]	$0.45	8,500,000
17 January 2012[ii]	$0.20	8,750,173
		19,750,173

(i) Unlisted options held by directors or former directors
(ii) Listed options

During or since the end of the financial year no ordinary shares were issued by the company as a result of the exercise of options.

There were no further shares in Medic Vision Limited issued or exercise of up to the date of this report.

Employment Contracts of Directors and Senior Executives

The following Directors and Senior Officers were under contract at 30 June 2010:

	Duration	Notice Required
Directors		
Mr Ross Horley (i)	No fixed term	1 Month
Mr Frank Cannavo	No fixed term	1 Month
Mr Vince Leone (CEO) (ii)	2 Years	3 Months
Mr Jitto Arulampalam	2 Years	3 Months
Mr Jason Edwards	2 Years	2 Months
Executives		
Mr. Justyn Stedwell (appointed 30 October 2009)	No fixed term	1 Month
Mr. Mark Licciardo (resigned 4 September 2009)	No fixed term	1 Month

(i) Mr. Horley's consulting agreement terminated on 2 May 2008. Following company restructure no fixed term contract was re-negotiated. Mr. Horley resigned effective 2 September 2009.

(ii) Mr Vince Leone's agreement was terminated on 15 September 2010.

Signed in accordance with the resolution of the Board of Directors

Jitto Arulampalam

Executive Chairman
30 September 2010

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Medic Vision Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Medic Vision Limited and the entities it controlled during the year.

R A Dean
Partner
PKF

30 September 2010
Melbourne

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CORPORATE GOVERNANCE

Introduction

Medic Vision Limited ("Medic Vision" or the "Company") is an Australian Securities Exchange (ASX) listed entity.

The Company aims to maximise returns to its investors by capital appreciation and when profitable, via a declaration of dividends to each shareholder in proportion to their interest in the Company.

The Board of Directors is responsible for establishing the corporate governance framework of the Company and establishing appropriate Corporate Governance policies and procedures having regard to the ASX Corporate Governance Council (CGC) published guidelines as set out in its "Corporate Governance Principles and Recommendations" (Revised Principles, 2nd Edition August 2007). The Board of Directors continues to review the framework and practices to ensure they meet the interests of shareholders.

This Corporate Governance Statement is structured with reference to the CGC's published guidelines containing 8 key principles. The charters and policies described in this Corporate Governance Statement represent a concise version of those charters and policies that have been, or will be adopted by the Board of Directors in line with the CGC's recommendations.

The Board of Directors has adopted the best practice recommendations as outlined by the CGC to the extent that is deemed appropriate considering the current size and operations of Medic Vision . Therefore, where the Board considers that the cost of implementing a recommendation outweighs any potential benefits, those recommendations have not been adopted.

The Company's Corporate Governance charters and policies can be found on the Company's website, www.medicvision.com.au.

1) Function of Board & Management

(Principle 1: Lay solid foundations for management and oversight)

a) Role of the Medic Vision Board and company management

The Board of Directors of Medic Vision together with management is collectively experienced in the management of listed companies and the development and management of entities in the media and marketing sector.

The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including the implementation of a business strategy, the annual budget and financial plan, monitoring the Company's financial performance and ensuring that appropriate management is in place to achieve these objectives. The Board appoints the Chief Executive Officer/Managing Director, Chief Financial Officer and Company Secretary. The Board approves and monitors management's corporate strategy and performance objectives for Medic Vision. The Board monitors risk, compliance and financial reporting. The Board is responsible for approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures of assets.

The Board may delegate to its sub-committees, an officer of a group company, or any other person in authority to perform any of its functions and exercise any of its powers, in the ordinary course of business. This includes the day to day administration of its assets, including ensuring that assets are adequately insured where necessary; that detailed market investigations and effective due diligence is carried out on proposed investments, acquisitions or joint ventures; that capital required to develop the Company's intellectual property, proposed investments or acquisitions as well as general working capital requirements is adequate; and that there is effective risk management, financial management and compliance management of the Company's assets.

It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board; the Board will oversee the activities of management in carrying out these delegated duties.

On at least an annual basis, the Board conducts a formal performance review of the Chief Executive Officer and other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. Feedback on the performance of each KMP is provided and a plan is established to encourage, improve and monitor future performance. A performance review of KMP occurred during the 2010 financial year in accordance with this process.

(Principle 2: Structure the board to add value)

b) Medic Vision's Board Structure

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report and throughout the 2010 financial year is included in the Director's Report.

As at the date of this report the Board is composed of two executive directors Jitto Arulampalam (Chairman) and Jason Edwards and two non-executive directors Frank Cannavo and Terence Wong.

The Board assesses whether a director is independent in accordance with the CGC's independence guidelines. The Board does not consist of a majority of independent directors. The recent restructuring of the Company has required Directors to be involved in the day to day management of the Company as Executive Directors. Given the size of the Company and the nature of its operations, the Board does not consider it appropriate to have a majority of independent directors at this time.

As the Company continues to grow the Board intends to continue to increase the ratio of independent directors on the Board. In accordance with the Company's intention to increase independent presence on the Board, Terence Wong was appointed to the Medic Vision Board as an independent director on 28 July 2010. Frank Cannavo and Jitto Arulampalam were previously engaged by the Company in an executive capacity and therefore do not meet the CGC's independence guidelines. However, Frank Cannavo and Jitto Arulampalam do meet all other CGC independence guidelines.

The Company does not have an independent Chairman. Given Jitto Arulampalam's skill set and experience in media, marketing and finance he is seen as the most appropriate Chairman at this critical stage of the Company's development.

The role of the chairperson and chief executive officer are not exercised by the same individual, this ensures a balance of authority so that no single individual has unfettered powers.

The Board is responsible for the nomination and selection of directors. A separate Nomination Committee has not been formed. The Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating this function to a separate committee.

The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience, details of which are recorded in the Directors' Report accompanying this Corporate Governance Statement. Each Director has a three year term of office, at the end of which they retire and seek re-election by shareholders.

Each Director is required to disclose any interest which might create a potential conflict of interest with their duties, as a Director of Medic Vision, or which would affect their independence.

In order for Directors to bring independent judgement to bear in decision making, Directors have the right to obtain independent professional advice, if necessary, at the Company's expense.

c) Board Performance

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted a self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every three years by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Performance reviews involve analysis based on predetermined performance objectives. The criteria for evaluating performance, is aligned with the financial and non-financial objectives of the Company. The Board will consider the outcome of each review and develop a series of actions to guide and monitor improvement.

A performance review in accordance with the processes disclosed occurred during the 2010 financial year.

2) Code of Conduct and Conflicts of Interest

(Principle 3: Promote ethical and responsible decision making)

a) Conduct of Management

The Board of Medic Vision is committed to its Code of Conduct. This is communicated to management and requires staff to adhere to the core values, together with a number of other key attributes that have been identified as being imperative to the success of Medic Vision.

Employees must comply with all laws and regulations. This includes understanding the laws and regulations relevant to their work and complying with the legal requirements of the jurisdictions in which they operate.

Employees should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of the Company.

Management is responsible to the Board for the Company's performance under this Code, and has operational responsibility for ensuring compliance with the Code.

The Code of Conduct aims to promote ethical and responsible decision making. The Code of Conduct requires all employees to exhibit honesty, loyalty, integrity, professionalism and trust in their dealings, both internally and externally. Medic Vision aims for good corporate governance and in summary, requires employees to:

- avoid situations which may give rise to a conflict of interest;
- avoid situations where they may profit from their position with the Company and gain any benefit which competes with Medic Vision's business;
- comply with all laws and regulations and Company policies and procedures;
- not undertake activities inconsistent with their employment with Medic Vision;
- properly use Medic Vision's assets for legitimate business purposes; and
- maintain privacy and confidentiality in both Medic Vision's business and the information of all its stakeholders.

The Company has developed a Whistleblower Policy that offers Company officers, employees, independent contractors and their employees the opportunity to bring to the attention of management conduct which is corrupt, illegal or unethical, without fear of revenge, dismissal or discriminatory treatment.

The Board has resolved that the Code of Conduct extends to guide compliance with legal and other obligations with respect to stakeholders.

b) Conflicts of Interest

The Board of Medic Vision is committed to good corporate governance and aims for continuous improvement in these practices. Medic Vision embraces high ethical standards and requires its employees to demonstrate both personal and corporate responsibility. Directors, officers and employees are required to safeguard the integrity of the Company and to act in the best interests of its stakeholders, generally shareholders.

There must be no conflict, or perception of a conflict, between the interests of any Medic Vision Director, officer or employee and the responsibility of that person to the Company and to the stakeholders. All Medic Vision Directors, officers and employees may never improperly use their position for personal or private gain for themselves, a family member, or any other person ("associates").

As a general rule, a conflict of interest, or the perception of a conflict, may arise if their duties involve any actual or potential business with a person, entity or organisation in which they or their associates have a substantial personal or financial interest. Accordingly, the following rules apply:

- Without prior Board approval, Directors, officers and employees may not act on behalf of Medic Vision in connection with any business or potential business involving any person, entity or organisation in which they or their associates have direct or indirect managerial influence (such as serving as an Executive Officer, Director, general partner or similar position or holding a substantial ownership or beneficial interest); and
- Where a potential conflict exists, this should be disclosed to the Chairman prior to any dealings taking place.

3) Audit & Risk Committee

(Principle 4: Safeguard integrity in financial reporting)

The Company had established an Audit & Risk Committee which comprised of two directors. However on 19 February 2010 the Board resolved that the Board as a whole assume the functions previously delegated to the Audit & Risk Committee. Given the size of the Board and the Company and the nature of the Company's operations, the Board does not believe it to be appropriate to have an Audit Committee at this time.

As such the recommendations set out in this principle are not met but, having due regard for the current stage of the Company's development, the Board feels that more active involvement in the Audit & Risk management process by the Board as a whole provides for greater oversight of risk management and financial reporting.

The Chairman and the Chief Executive Officer state in writing to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

The Company has adopted an Audit Independence Policy which identifies non-audit services that Medic Vision considers can be provided and services that cannot be provided by its external auditor.

4) Continuous Disclosure Policy

(Principle 5: Make timely and balanced disclosure)

Medic Vision's Continuous Disclosure Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by Medic Vision. The Company is committed to complying with the continuous disclosure obligations contained in the listing rules of the Australian Securities Exchange (ASX) and under the Corporations Act, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about Medic Vision's securities.

The ASX defines continuous disclosure in its Listing Rules as "the timely advising of information to keep the market informed of events and developments as they occur". The Listing Rules and the Corporations Act require that a listed entity disclose to the market matters which a reasonable person would expect to have a material effect on the price or value of the entity's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

The Chief Executive Officer controls all of Medic Vision's communications with assistance from the Company Secretary in carrying out this responsibility. The Chief Executive Officer and Chairman are the only two officers authorised to approve the release of material information to the market. The Company Secretary is responsible for administering this policy and is responsible for dealing with the ASX in relation to all listing rule issues.

The procedures which have been developed to comply with these rules include immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the Chief Executive Officer and/or the Company Secretary.

Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Chairman and Chief Executive Officer for approval prior to any release.

5) Trading Policy

Medic Vision's Share Trading Policy ensures that unpublished price sensitive information about the Company is not used in an unlawful manner. The main provisions of this policy are governed by:

- the specific requirements of the Corporations Act;
- a prohibition on short term trading in Medic Vision shares;
- when Directors and employees may trade in Medic Vision shares; and
- prior notification by Directors, officers and employees of their intention to deal in Medic Vision shares.

A summary of the Policy is as follows:

In accordance with the insider trading provisions of the Corporations Act, all of the Company's directors, officers and employees are prohibited from trading in the Company's shares while in possession of Inside Information concerning the Company.

Directors, officers and employees should never communicate any Inside Information to any other person, including family members and associates.

"Inside Information" means information that is not disclosed or generally available and, if it were disclosed or generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's shares.

In addition directors, officers and employees are prohibited from trading in the Company's shares during:

- each period of 45 days immediately prior to the intended date upon which the Company releases its annual financial statements to the ASX;
- each period of 45 days immediately prior to the intended date upon which the Company releases its half year financial statements to the ASX;
- each period of 14 days immediately prior to the intended date upon which the Company holds its annual general meeting; and
- each period of 4 hours immediately after the date upon which the Company issues a price-sensitive ASX announcement.

No director, officer or employee may deal in Company shares at any time for short term gain, including buying and selling Company shares in a 3 month period, without the written approval of the Chairman or in the case of the Chairman the Managing Director.

In order to ensure compliance with the Policy all directors, officers and employees must discuss any proposed dealing with the Chairman or the Company Secretary prior to trading Company shares at any time.

6) Shareholder Communications

(Principle 6: Respect the rights of shareholders)

Medic Vision's communication strategy is to promote effective communication with shareholders.

Medic Vision is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Medic Vision's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in the applicable Australian Securities Exchange (ASX) Listing Rules and the Corporations Act in Australia; and
- communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report and Notices of Annual General Meetings;
- through shareholder meetings;
- through letters and other forms of communications directly to shareholders;
- by posting relevant information on Medic Vision's website; and
- by providing shareholders with a choice of information delivery options ie. paper or electronic means

The Company's website, www.medicvision.com.au, has a dedicated Investor section and endeavours to publish on the website all important Company information and relevant announcements made to the market or refer investors to the ASX website where market releases can be viewed.

The external Auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

7) Risk Management System Statement

(Principle 7: Recognise and manage risk)

The Board of the Medic Vision takes a proactive approach to the Company's risk management and internal compliance and control system. The Board of Medic Vision is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board of Directors.

The Company is in the process of developing a policy on risk oversight and management and will undertake a detailed risk assessment of the company's operations, procedures and processes.

The Risk Assessment will be aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which will be carried out by following documented risk identification and reporting as well as through natural or instinctive processes by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of practices and procedures to minimise many of the standard commercial risks, i.e., taking out the appropriate insurance policies and ensuring compliance reporting is up to date.

The Company will identify and structure its risk analysis and intends to implement and demonstrate regular risk management controls reporting to the Board via the Audit & Risk Committee.

8) Board Remuneration

(Principle 8: Remunerate fairly and responsibly)

The Company has established a Remuneration Committee. The Committee is responsible for determining and reviewing compensation arrangements for the Directors and for approving parameters within which the review of the compensation arrangements for the senior executive team can be conducted by the Chief Executive Officer. The Committee aims to meet at least once per calendar year.

Members of the Committee throughout the 2010 financial year were:

Frank Cannavo (Chair)	Non-executive Director
Jitto Arulampalam	Chairman (appointed 14 August 2009)
Ponnambalam Sivasubramaniam	Independent Non-executive Director (resigned 14 August 2009)

Given the current structure of the Board the Remuneration Committee comprises two members who are not independent.

The Committee is established to monitor and review:

- the remuneration arrangements for the Chief Executive Officer and other executive directors and set parameters within which the Chief Executive Officer will review arrangements for other senior executives;

- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive schemes;
- the remuneration arrangements for non-executive Directors;
- the size and composition of the Board and criteria for Board membership; and
- the membership of the Board and candidates for consideration by the Board.

Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders.

There is no scheme to provide retirement benefits other than statutory superannuation to non-executive directors. For details of the amount of remuneration, and all monetary and non-monetary components, for each of the five highest-paid executives during the year and for all directors, refer to the Directors' report.

For details on the number of Remuneration Committee meetings held during the year and the attendees at those meeting's, refer to the Directors' Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010 $	2009 $
REVENUE FROM CONTINUING OPERATIONS			
Revenue from rendering of services		711,435	-
Finance revenue	4a	12,359	3,467
Other Income	4b	-	-
TOTAL REVENUE		723,794	3,467
Cost of goods sold	5a	(284,325)	-
Employee benefits expenses	5b	(334,264)	(12,243)
Employee expense – share based payments		(470,902)	-
Depreciation, amortisation and impairment charges	5c	(18,603)	(8,582)
Consulting fees		(16,229)	(14,167)
Directors expenses and fees		(19,854)	(92,480)
Legal and other professional fees		(258,429)	(171,740)
Regulatory listing fees		(92,968)	(161,360)
Occupancy expenses		(33,395)	(4,918)
Travel expense		(48,311)	(86,557)
Finance costs		(51,972)	(9,991)
Other expenses	5d	(36,062)	(299,860)
(Loss) before Income Tax from continuing operations		(941,520)	(858,431)
Income Tax Expense	6	-	-
(Loss) after income tax expense from continuing operations		(941,520)	(858,431)
(Loss) after income tax expense from discontinued operations	7 (a)	(145,384)	(1,685,760)
(Loss) after income tax expense for the year		**(1,086,904)**	**(2,544,191)**
Other comprehensive income			
Transfer realised gain to other income		-	(245,105)
Foreign currency translation		(2,646)	71,505
Total comprehensive loss for the year		(1,089,550)	(2,717,791)
Loss for the year is attributable to:			
- non controlling interest		(4,767)	(79,784)
- members of the parent entity		(1,082,137)	(2,464,407)
		(1,086,904)	**(2,544,191)**
Total comprehensive loss for the year is attributable to:			
- non controlling interest		(4,767)	(79,784)
- members of the parent entity		(1,084,783)	(2,638,007)
		(1,089,550)	**(2,717,791)**
Continuing operations			
- Basic (loss) per share (dollars per share)	9	(0.006)	(0.010)
- Diluted (loss) per share (dollars per share)	9	(0.006)	(0.010)
Discontinued operations			
- Basic (loss) per share (dollars per share)	9	(0.001)	(0.016)
- Diluted (loss) per share (dollars per share)	9	(0.001)	(0.016)
Basic (loss) per share (dollars per share)	9	(0.007)	(0.026)
Diluted (loss) per share (dollars per share)	9	(0.007)	(0.026)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	Consolidated Group 2010 $	2009 $
Assets			
Current assets			
Cash and cash equivalents	10	439,860	737,197
Trade and other receivables	11	376,138	391,839
Inventories	12	-	72,018
Other current assets	14	4,365	36,289
Assets of disposal groups classified as held for sale	7(b)	403,442	-
Total current assets		1,223,805	1,237,343
Non-current assets			
Property, plant and equipment	15	25,297	440,427
Intangible assets	16	1,907,670	-
Total non-current assets		1,932,967	440,427
Total assets		3,156,772	1,677,770
Current liabilities			
Trade and other payables	17	255,390	642,525
Short-term provisions	18	7,988	70,139
Liabilities directly associated with assets classified as held for sale	7(b)	412,847	-
Total current liabilities		676,225	712,664
Non-current liabilities			
Financial liabilities	19	-	640,751
Total non-current liabilities		-	640,751
Total liabilities		676,225	1,353,415
Net assets		2,480,547	324,355
Equity			
Issued capital	20	25,936,352	22,630,610
Reserves	22	(62,116)	(59,470)
Accumulated losses		(23,401,550)	(22,276,563)
Total Parent Entity Interest		2,472,686	294,577
Add: Minority Interest		7,861	29,778
Total equity		2,480,547	324,355

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

CONSOLIDATED	Note	Contributed Equity	Accumulated Losses	Foreign Currency Reserves	Available for sale Financial Asset Reserve	Non Controlling interest	Total Equity
		Attributable to Equity Holders of the Parent					
Balance as at 1 July 2009		**22,630,610**	**(22,276,563)**	**(59,470)**	**-**	**29,778**	**324,355**
Loss for the year		-	(1,082,137)	-	-	(4,767)	(1,086,904)
Other Comprehensive Income							
Foreign Currency Translation		-	-	(2,646)	-	-	(2,646)
Total Comprehensive income /(loss) for the year		-	(1,082,137)	(2,646)	-	(4,767)	(1,089,550)
Transactions with owners in their capacity as owners;							
Share based Payment		82,008	-	-	-	-	82,008
Convertible notes converted		848,980	-	-	-	-	848,980
Shares issued for acquisition of cBox Pty Ltd		1,908,000	-	-	-	-	1,908,000
Non controlling interest adjustment for further acquisition of Red Paragon		60,000	(42,850)	-	-	(17,150)	-
Issue of Shares and options		406,754	-	-	-	-	406,754
Balance as at 30 June 2010		**25,936,352**	**(23,401,550)**	**(62,116)**	**-**	**7,861**	**2,480,547**
Balance as at 1 July 2008		**21,756,920**	**(19,812,156)**	**(130,975)**	**245,105**	**-**	**2,058,894**
Loss for the year		-	(2,464,407)	-	-	(79,784)	(2,544,191)
Other Comprehensive Income							
Foreign Currency Translation		-	-	71,505	-	-	71,505
Sale of shares held for sale		-	-	-	(245,105)	-	(245,105)
Total Comprehensive income for the period		-	(2,464,407)	71,505	(245,105)	(79,784)	(2,717,791
Transactions with owners in their capacity as owners;							
Issue of shares		100,000	-	-	-	-	100,000
Capital raising costs		(16,500)	-	-	-	-	(16,500)
Consideration for acquisition of Red Paragon Pty Ltd		766,930	-	-	-	-	766,930
Equity portion of convertible notes		23,260	-	-	-	-	23,260
Non controlling Interest							
Non controlling interest at the date of acquisition of Red Paragon Pty Ltd		-	-	-	-	109,562	109,562
Balance as at 30 June 2009		**22,630 610**	**(22,276,563)**	**(59,470)**	**-**	**29,778**	**324,355**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,093,623	1,598,014
Interest received		13,135	11,760
Other receipts – grant income		243,782	18,371
Payments to suppliers and employees		(1,733,701)	(3,448,572)
Net cash used in operating activities	25	(383,161)	(1,820,427)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19,096)	(13,605)
Proceeds from disposal of available for sale assets		-	660,950
Cash acquired on acquisition of subsidiary	13	24,388	287,708
Net cash provided by investing activities		5,292	935,053
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	100,000
Capital raising costs		-	(16,500)
Proceeds from Convertible Notes issues	19	125,000	673,980
Loan from controlled entities		-	399,000
Net cash provided by financing activities		125,000	1,156,480
Net increase / (decrease) in cash held		(252,869)	271,106
Cash at beginning of financial year		737,197	466,091
Cash at end of financial year	10	484,328	737,197

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Corporate Information

The financial report of Medic Vision Limited (the Company) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 September 2010.

Medic Vision Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

Note 2 Statement of Significant Accounting Policies

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available for sale financial assets, which have been measured at fair value.

During the year ended 30 June 2010, the Federal Government introduced amendments to the Corporations Act 2001, removing the requirement for consolidated groups to include full parent entity financial statements when preparing consolidated financial statements. Royal Assent for these amendments was received on 28 June 2010. The Group has adopted these amendments for the consolidated financial statements for the year ended 30 June 2010.

The financial report is presented in Australian dollars.

b. Going concern

For the year ended 30 June 2010 the consolidated entity incurred a loss of $1,086,904, $941,520 from continuing operations, and had net cash outflows from operating activities amounting to $383,161. Although the company has a surplus of current assets over non-current assets of $547,580, current assets includes $403,442 of assets from operations held for sale and the timing of realisation of proceeds from the sale of these assets is uncertain. These conditions give rise to a material uncertainty that may cast significant doubt about the ability of the consolidated entity to continue as a going concern.

The ability of the company's recent acquisition, and only significant revenue producing activity, cBox Pty Ltd to grow and provide sufficient funding to support the ongoing corporate costs of operating the company will be critical in meeting the consolidated entity's cash requirements.

The Directors have implemented cost reduction programmes and focused on repositioning the entity as a Media Company, having placed the medical assets for sale. The following key factors support the directors conclusion that the consolidated entity is a going concern:

- **Acquisition of cBox**

The company acquired the profit generating cBox Pty Ltd, a digital marketing company. Since acquisition cBox has demonstrated significant growth and positive cash flow.

cBox has demonstrated that it has exceeded revenue targets and is expanding its client base which will have a positive impact on the cash flow of the consolidated entity.

- **Support the Organic Growth of cBox Media Business**

With the support of the Board the cBox growth plan devised to develop new niche media services and products.

- **Decision to Discontinue Operations**

During a strategic review the board found that the trading nature of the medical entities and Red Paragon Pty Ltd are no longer in line with the overall long-term strategic plan of the group and the board decided to divest the medical assets and sell the business of Red Paragon Pty Ltd.

- **Future Business Development**

The Board is continuing to seek additional investments in the Media industry and have entered into a heads of agreement with the mConnect Group and completed due diligence in respect of the proposed acquisition. The proposed acquisition is expected to further strengthen the financial future of the company.

- **Future Capital Raising**

The directors are in the process of undertaking a rights issue to provide funding for future business development including the acquisition of mConnect Group discussed above.

Cash flow forecasts prepared by management demonstrate that the company and the consolidated entity have sufficient cash flows to meet their commitments over the next twelve months based on the above factors and for that reason the financial statements have been prepared on the basis that the consolidated entity is going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that differ to those stated in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity be unable to continue as a going concern and not be able to meet its debts as and when they fall due.

c. **Statement of compliance**

The financial report complies with Australian Accounting Standards, which include International Financial Reporting Standards (AIFRS), issued by the International Accounting Standards Board (IASB).

d. New Accounting Standards and Interpretations

Changes in accounting policy and disclosures

The Group has adopted all of the new and/or revised Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2009. Those adopted are:

AASB 3 - Business Combinations

AASB 7 – Financial Instruments: Disclosures

AASB 8 - Operating Segments

AASB 101 - Presentation of Financial Statements

AASB 127 - Consolidated and Separate Financial Statements

AASB 2008-1 - Share-based Payments: Vesting Conditions and Cancellations

AASB 2009-2 - Improving Disclosures about Financial Instruments

Where the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 3 – Business Combinations

The transaction costs associated with the business combinations during the period were expensed within the Statement of Comprehensive Income in accordance with the revised standard. Under the previous version of AASB 3 transaction costs were required to be capitalised.

AASB 101 – Presentation of Financial Statements

Adoption of AASB 101 has impacted the disclosures included in the financial statements. The revised standard separates owner and non-owner changes in equity. The Statement of Changes in Equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new Statement of Comprehensive Income. The consolidated entity has elected to present all items of recognised income and expense in one single Statement of Comprehensive Income.

Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2010, are outlined in the table below:

Reference	**Title**	**Details of New Standard / Amendment / Interpretation**	**Impact on Group**	**Application date for the Group**
AASB 9	Financial Instruments	This standard includes the requirements for the classification and measurement of financial assets resulting from Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement.	(iii)	1 July 2013
AASB 124 (revised)	Related Party Disclosures	The main amendments simplify and clarify the intended meaning of the definition of a related party and provide a partial exemption for the disclosure requirements of government-related entities.	(i)	1 July 2011

Reference	Title	Details of New Standard / Amendment / Interpretation	Impact on Group	Application date for the Group
AASB 2009-5	Further amendments to Australian Accounting Standards arising from the Annual Improvements Process	The amendments affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes.	(ii)	1 July 2010
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	The amendments resolve diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 Scope of AASB 2 and AI 11 AASB 2 – Group and Treasury Share Transactions will be withdrawn from the application date.	(ii)	1 July 2010
AASB 2009-9	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.	The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.	(ii)	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issue [AASB 132]	The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments.	(ii)	1 July 2010
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9.	The amendments include introducing two categories for financial assets being amortised cost or fair value; removal of the requirement to separate embedded derivatives in financial assets and changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	(ii)	1 Jan 2013

(i) The Group's current accounting policy complies with the requirements of the amendment.

(ii) The adoption of this new standard, amendment or interpretation will not have a material impact on the Group's financial statements.

(iii) The Group has not yet determined the potential effect of the standard

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Medic Vision Limited and its subsidiaries ('the Group') as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Group are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

f) Segment reporting

As of 1 July 2009 the Group determines and presents operating segments (refer to Note 23) based on the information that is internally provided to the Board of Directors and the Executive Management Team (the chief operating decision makers). This change in accounting policy is due to the adoption of AASB 8 *Operating Segments.*

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

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

g) Foreign currency translation

i. Functional and presentation currency

Both the functional and presentation currency of Medic Vision Limited and its Australian subsidiaries are Australian dollars ($).

The functional currency of the foreign subsidiaries Medic Vision UK is Great British Pounds and for Medic Vision P/te is Hong Kong Dollars. As at reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Medic Vision Limited at the rate of exchange ruling at the balance date and the profit and loss items are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

ii. Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

e. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

f. Trade and other receivables

Trade receivables, which generally have 7 - 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

g. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:
Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h. Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

i. *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

ii. *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

iii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

iv. Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

i. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

The depreciation rates used are as follows:

Class of Fixed Asset	Depreciation Rate
Computer Equipment	25 – 40%
Furniture and Fittings	1 – 20%
Plant and Equipment	10 - 33%
Medical Equipment	15%
Fitout Assets	7.5%

i. Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of 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, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement in the depreciation and amortisation expenses.

ii. De-recognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.
Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

j. Leases

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

k. Goodwill and intangibles

i. Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated

• represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

• is not larger than a segment based on the Group's reporting format determined in accordance with AASB 8 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

ii. Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

l. Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

m. Interest- bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

n. Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i. Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in short terms provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii. Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

iii. Superannuation
Payments are made to employee defined contribution superannuation plans and are charged as expenses when incurred. The Group and its controlled entities have no legal obligation to cover any shortfall in the plan's obligation to provide benefits to employees on retirement.

o. Share-based payment transactions

i. Equity settled transactions:
The Group provides benefits in the form of share-based payments

to all employees. To date however, only key management personnel of the Group have benefited from this plan. These KMP's render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits:

• the Employee Share Option Plan (ESOP), which provides benefits to key management personnel.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value for options granted are determined by using the Black Scholes model or determined by an external valuer using a binomial model, further details are given in Note 20.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Medic Vision Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting date has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 8).

p. Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

q. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Sale of Goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

ii. Rendering of Services
Revenue for the services delivered by the Group such as outsourcing management services. These services are recognised on completion of the delivery of the service.

iii. Commission
Revenue is recognised upon the sale of goods at the time of sale.

iv. Interest income
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

r. Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

• when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

• when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

• when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

• when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Medic Vision Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006.

The head entity, Medic Vision Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group has applied the "separate tax payer within the group approach" in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Medic Vision also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

s. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

• when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

• receivables and payables, which are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

t. Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

• costs of servicing equity (other than dividends) and preference share dividends;

• the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

• other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

u. Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and Intangibles

The Group determines whether goodwill and intangibles are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill, is discussed in Note 16.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value options granted is determined by using the Black Scholes model using the assumptions included in Note 20.

(iii) Recovery of deferred tax assets

Deferred tax assets for deductible temporary differences have not been recognised as management considers that it is not currently probable that future taxable profits will be available to utilise the temporary differences.

Impairment of assets

(i) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(ii) Other assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Note 3 Financial risk management objectives and policies

The Group's principle financial instruments comprise receivables, payables and cash and short term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Chief Executive Officer under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for credit allowances, and future cash flow forecast projections.

Risk Exposures and Responses

Interest rate Risk

The Group's exposure to market interest rate related primarily to the Group's cash deposits.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk that are not designated in cash flow hedges:

	Consolidated 2010 $	2009 $
Financial Assets		
Cash & cash equivalents	484,328	737,197
Net	484,328	737,197

The directors have reviewed the Groups exposure to interest rate risk and do not consider it to be significantly impacted by sensitivity to interest rate movements.

Foreign Currency Risk

At 30 June, the Group had the following exposure to foreign currency that is not designated in cash flow hedges:

	Consolidated 2010 AU$	2009 AU$
Financial Assets		
Cash & cash equivalents - GB£	72	31,057
Cash & cash equivalents – US$	2,382	2,544
Trade and other receivables - Euro	3,343	4,248
Trade and other receivables – US$	-	2,580
Trade and other receivables – S$	-	12,864
Trade and other receivables - MYR	47,128	32,148
Financial Liabilities		
Trade and other payables - GB£	(21,859)	(17,871)
Trade and other payables – US$	(3,199)	(8,968)
Trade and other payables - Euro	(28,165)	(163,878)
Net exposure	(298)	(105,276)

The directors have reviewed the Groups exposure to foreign exchange currency risk and do not consider it to be significantly impacted by sensitivity to foreign exchange rate movements.

The group has exposure to foreign currency risk through its operations in Asia and United Kingdom. It also has exposure to foreign exchange risk through acquisition of investors that is denominated in foreign currency. The group mitigate the risk by completing the foreign currency transactions on a timely basis to reduce exposure to movements in exchange rates.

Liquidity Risk

The consolidated entity financial liabilities at 30 June 2010 are all current liabilities that are repayable in the normal course of business in the short term.

The company monitors its cash flows on an ongoing basis to ensure it can meet its liabilities.

Price Risk

The Group had no significant price risk at either 30 June 2010 or 30 June 2009.

Credit Risk

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

Fair value

The method for estimating fair value is outlined in the relevant notes to the financial statements.

Note 4 Revenue

		Consolidated Group 2010 $	2009 $
4a	**Finance revenue**		
	Other	13,135	11,760
	Less: Finance revenue from discontinued operations	(776)	(8,293)
		12,359	3,467
4b	**Other Income**		
	R&D Tax Refund	-	240,882
	Commission	-	103,754
	Other	8,586	6,953
	Less: Other Income from discontinued operations	(8,586)	(351,589)
		-	-

Note 5 Expenses

		Consolidated Group 2010 $	2009 $
5a	**Cost of goods sold and services rendered**		
	Cost of goods	217,594	850,869
	Cost of rendering services	294,852	27,752
	Less: Cost of goods sold and services rendered from discontinued operations	(228,121)	(878,621)
		284,325	-
5b	**Employee benefits expense**		
	Salaries	136,250	874,603
	Superannuation	22,081	75,016
	Termination Payment and Other	129,709	91,694
	Add/(Less): Employee benefits expense from discontinued operations	46,224	(1,029,070)
		334,264	12,243
5c	**Depreciation, amortisation & impairment**		
	Depreciation	160,040	207,661
	Amortisation & Impairment	109,829	-
	Less: Depreciation, amortisation & impairment from discontinued operations	(251,266)	(199,079)
		18,603	8,582
5d	**Other expenses**		
	Advertising and marketing	2,659	31,602
	Foreign Exchange (Gain)/Loss	(48,582)	114,773
	Insurance	3,474	41,123
	Telecommunication	7,719	100,173
	Loss on sale of asset held for sale	-	241,156
	Doubtful debts	-	(200,704)
	Other expenses	63,151	171,127
	Add/(Less): Other expenses from discontinued expenses	7,641	(199,390)
		36,062	299,860

Note 6 Income Tax Expense

The consolidated entity and parent have not recognised any deferred tax assets or liabilities in respect to the current year. (2009: nil)

There are unrecognised deferred tax assets arising from tax losses. The benefit of losses is not brought to account as realisation is not currently regarded as probable. These losses will only be available for recoupment if:

(i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;

(ii) the Group continues to comply with the conditions for deductibility imposed by the law; and

(iii) No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Tax Consolidation

Medic Vision Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group from 1 July 2006 under the tax consolidation regime. Medic Vision Limited is the head entity of the consolidated group.

		Consolidated Group	
		2010	2009
		$	$
(a)	Reconciliation between prima facie tax on loss from ordinary activities to statutory income tax expense		
	Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2009: 30%)	(324,640)	(739,322)
	Add:		
	Tax effect of:		
	Non-deductible items	269,869	225,009
		(54,771)	(514,313)
	Less:		
	Tax effect of:		
	Losses Carried Forward Not Recognised	54,771	514,313
	Income tax expense	-	-
(b)	The Directors estimate that the potential deferred tax asset in respect of tax losses not brought to account is:	4,652,554	4,597,783
	A full assessment of the availability of these losses to the company has not been made.		

Note 7 Discontinued Operations

During the financial year, the management conducted a strategic review and decided to discontinue and to sell the operations of the following entities/business assets.

i) Medic Vision Health Pty Ltd
ii) Medic Vision (Asia) Pte Ltd
iii) Medic Vision Ltd (UK)
iv) Red Paragon Pty Ltd

The board found that the trading nature of medical entities and Red Paragon Pty Ltd are no longer in line with the overall long-term strategic plan of the group and the board decided to divest the medical assets and sell the business of the Red Paragon Pty Ltd. Due to the nature of assets, the Board has been approached by a number of parties interested in purchasing the medical assets and assets of Red Paragon Pty Ltd and is in discussion with a number of these parties and will update the market on future progress.

The statement of financial performance of theses entities for the financial year ended 30 June 2010 and their statement of financial position as at 30 June are shown below.

Note 7 Discontinued Operations (Cont.)

(a) Statement of financial performance

	Discontinued Entities 2010 $	Discontinued Entities 2009 $
Revenue from sale of goods	336,026	1,156,899
Revenue from rendering of services	24,779	97,464
Finance revenue	776	8,293
Other Income	8,586	351,589
TOTAL REVENUE	370,167	1,614,245
Cost of goods sold	(228,121)	(947,950)
Employee benefits expenses	46,224	(1,029,070)
Depreciation, amortisation and impairment charges	(251,266)	(199,079)
Consulting fees	(12,080)	(63,989)
Legal and other professional fees	(35,035)	(124,627)
Regulatory listing fees	502	(2,835)
Occupancy expenses	(13,712)	(181,141)
Travel expense	(20,156)	(266,337)
Finance costs	(9,549)	(4,924)
Research and development	-	(206,499)
Directors fees	-	(74,164)
Other expenses	7,642	(199,390)
Profit / (Loss) before Income Tax	(145,384)	(1,685,760)
Income Tax Expense	-	-
Profit / (Loss) from discontinued operations	**(145,384)**	**(1,685,760)**

(b) Statement of Financial Position

	Discontinued Entities 2010 $	Discontinued Entities 2009 $
Assets		
Current assets		
Cash and cash equivalents	44,468	214,720
Trade and other receivables	99,115	367,699
Inventories	71,969	72,018
Other current assets	8,535	33,243
Total current assets	224,087	687,680
Non-current assets		
Property, plant and equipment	179,355	438,759
Total non-current assets	179,355	438,759
Total assets	403,442	1,126,439
Current liabilities		
Trade and other payables	220,052	520,091
Total current liabilities	220,052	520,091
Non-current liabilities		
Other liabilities	192,795	-
Total non-current liabilities	192,795	-
Total liabilities	412,847	520,091
Net assets	(9,405)	606,348
Equity		
Issued capital	1,668,433	1,668,433
Reserves	(39,530)	(55,056)
Accumulated losses	(1,638,308)	(1,007,028)
Total equity	**(9,405)**	**606,349**

Note 7 Discontinued Operations (Cont.)

(c) Cash flow information

	Discontinued Entities 2010 $	2009 $
Net cash from / (used in) operating activities	178,730	(1,325,667)
Net cash from / (used in) investing activities	-	273,853
Net cash from / (used in) financing activities	(348,982)	942,434
Net increase / (decrease) in cash and cash equivalents from discontinued operations	**(170,252)**	**(109,380)**

Note 8 Auditor's Remuneration

	Consolidated Group 2010 $	2009 $
Remuneration of the auditor of the parent entity for:		
- Auditing or Reviewing the Financial Report	50,000	42,000
- Other services	-	4,500
	50,000	46,500

Note 9 Earnings per Share

Basic earnings or loss per share is calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings or loss per share amounts are calculated by dividing the net profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Consolidated Group 2010 $	2009 $
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Net loss attributable to ordinary equity holders of the parent	(1,084,783)	(2,638,007)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS	145,818,271	106,408,959

Potential changes from share options are excluded from the calculation of diluted EPS because they are anti-dilutive.

Note 10 Cash and Cash Equivalents

	Consolidated Group 2010 $	2009 $
Cash at bank and in hand	439,860	737,197
Add: Cash and cash equivalents included in discontinued operations	44,468	-
	484,328	737,197

Reconciliation to Statement of Cash flows

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

	Consolidated Group 2010 $	2009 $
Cash and cash equivalents in statement of cash flows	484,328	737,197

Note 11 Trade and Other Receivables

	Consolidated Group 2010 $	2009 $
CURRENT		
Trade receivables	350,013	69,361
Allowance for impairment loss (a)	(1,378)	(1,680)
	348,635	67,681
Other receivables (including government grants plus R&D tax offsets)	-	243,969
Goods and Services Tax	126,618	80,189
Less: Trade and other receivables from discontinued operations	(99,115)	-
	376,138	391,839

	Consolidated Group 2010 $	2009 $
a) Allowance for impairment loss		
At 1 July	1,680	159,899
Change for the year	(302)	(158,219)
At 30 June	1,378	1,680

At 30 June, the ageing analysis of trade receivables is as follows:

		Total $	0-30 Days $	31-60 Days $	61-90 days PDNI* $	61-90 Days CI* $	+91 days PDNI* $	+91 Days CI* $
2010	Consolidated	348,635	233,153	-	-	-	115,482	-
2009	Consolidated	67,681	16,421	34,148	-	-	17,112	-

* Past due not impaired ('PDNI')

* Considered impaired ('CI')

Payment terms on receivables past due and not impaired have not been re-negotiated however credit has been stopped until full payment is made. Each operating unit has been in direct contract with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Note 11 Trade and Other Receivables (Cont.)

(b) Related party receivables

For the year ending 30 June 2010 and 30 June 2009 there were no related party receivables

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(d) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 3.

Note 12 Inventories

	Consolidated Group 2010 $	2009 $
CURRENT		
At cost		
Finished goods Raw Materials	57,482	72,018
Raw Materials	14,487	-
Allowance for impairment	-	-
	71,969	72,018
Less: Inventories from discontinued operations	(71,969)	-
	-	72,018

Note 13 Controlled Entities

Parent Entity:	Country of Incorporation	Percentage Owned (%)* 2010 %	2009 %
Medic Vision Limited	Australia		
Subsidiaries of Medic Vision Limited:			
Medic Vision Health Pty Ltd	Australia	100%	100%
Medic Vision Limited	United Kingdom	100%	100%
Medic Vision Pte Ltd	Hong Kong	100%	100%
Red Paragon Pty Ltd (i)	Australia	96.79%	87.5%
cBox Pty Ltd (ii)	Australia	100%	-

Percentage of voting power is in proportion to ownership

(i) Further acquisition of Red Paragon Pty Ltd

On 10 December 2009 Medic Vision Ltd acquired a further interest of 9.29% of the voting shares of Red Paragon Pty Ltd ("Red Paragon") via the issue of 2,000,000 Medic vision shares. The shares were trading at 3 cents on the date of issue, resulting in an additional $60,000 in consideration being paid for the 9.29% of shares acquired. After the additional equity purchase, MVH holds 96.79% of Red Paragon.

(ii) Acquisition of cBox Pty Ltd

On 15 January 2010 Medic Vision Ltd fully acquired cBox Pty Ltd a digital marketing and communications company as part of its diversification strategy. cBox is an innovative digital marketing and communications business offering cost effective digital marketing and communicating solutions on a global scale via fax, email, mobile phone/sms and Interactive Voice Recognition (IVR).

To complete the acquisition, Medic Vision Ltd has issued 45,600,000 fully paid ordinary shares as consideration for cBox. The published price of the Company's shares on 15 January 2010 was $0.03 and this price is taken as the fair value of the shares issued. In addition 18,000,000 further shares were to be issued as consideration contingent upon the conversion of convertible shares to equity. At the date of the final agreement a general meeting of Medic Vision had confirmed the convertible notes and these were therefore required to be converted by 30 June 2010. The contingent consideration was therefore payable and has been included in the consideration at 3 cents per share. The additional consideration shares are recorded in equity as shares to be issued as the company had not issued the shares prior to the conversion of the notes which was completed in early July 2010.

All shares issued in relation to the acquisition of cBox are held in voluntary escrow for a period of 12 months from the date of issue.

Note 13 Controlled Entities (Cont.)

Details of the acquisitions are as follows:

	Recognised on acquisition $	Carrying Value $
Fair value of net assets acquired		
Cash	24,388	24,388
Other receivables	1,091	1,091
Trade receivables	101,104	101,104
Plant and Equipment	10,423	10,423
	137,006	137,006
Trade Payables	48,307	48,307
Other Payable	88,369	88,369
	136,676	136,676
Fair value of identifiable net assets	330	-
Less: Minority interests	-	-
Net assets acquired	330	
Cost of combination		
Shares issued	1,368,000	-
Shares to be issued	540,000	-
Total cost of the combination	1,908,000	-
Goodwill on acquisition	1,907,670	-
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	24,388	
Net consolidated cash inflow	24,388	--

The goodwill arising represents the future benefits from the combination of existing client base, industry knowledge and systems in place to grow the business. The revenue earned by the cBox business since acquisition has been $ 711,436 and the profit at $160,959.

The revenue of the combined entity from continuing operations if the acquisition had occurred at the commencement of the year would have been $ 1,205,144 and the loss from continuing operations would have reduced to $ 926,910.

Note 14 Other Current Assets

	Consolidated Group 2010 $	2009 $
Other Current Assets:		
Prepayments	-	10,540
Rental Bonds	12,900	25,749
Less: Rental bonds from discontinued operations	(8,535)	-
	4,365	36,289

Note 15 Property, Plant and Equipment

	Consolidated Group 2010 $	2009 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	847,684	1,006,560
Accumulated amortisation	(666,344)	(590,571)
	181,340	415,989
Leasehold improvements		
At cost	14,788	-
Accumulated amortisation	(1,773)	-
Total leasehold improvements	13,015	-
Computer equipment		
At cost	96,509	115,567
Accumulated depreciation	(87,688)	(91,129)
	8,821	24,438
Furniture and fittings		
At cost	2,091	-
Accumulated depreciation	(615)	-
	1,476	-
Total plant and equipment	204,652	440,427
Less: Plant and equipment from discontinued operations	(179,355)	-
	25,297	440,427

Movements in Carrying Amounts

	Plant and Equipment $	Computer Equipment $	Furniture & Fittings $	Leasehold Improvements $	Total $
Consolidated Group:					
Balance at 1 July 2008	365,308	78,975	23,872	18,308	486,463
Additions	226,861	11,879	-	-	238,740
Disposals	-	-	(453)	-	(453)
Written-off	-	(26,468)	(18,970)	(16,593)	(62,031)
Opening balance translation variance	-		-	-	-
Depreciation expense	(176,502)	(39,779)	(4,449)	(1,715)	(222,445)
Depreciation translation variance b/w B Sheet & P & L	322	(169)	-	-	153
Balance at 30 June 2009	415,989	24,438	-	-	440,427
Additions on acquisition of business	4,400	4,129	1,894	-	10,423
Additions	-	4,309	-	14,788	19,097
Disposals	-	-	-	-	-
Written-off	(97,092)	(8,163)	-	-	(105,255)
Depreciation expense	(141,957)	(15,892)	(418)	(1,773)	(160,040)
Balance at 30 June 2010	181,340	8,821	1,476	13,015	204,652

Note 16 Intangible Assets

	Consolidated Group 2010 $	2009 $
Goodwill		
Cost	1,907,670	-
Impairment losses	-	-
Net carrying value	1,907,670	-
Total intangibles	1,907,670	-

	Goodwill $	
Balance at the beginning of the year	-	-
Acquisition of cBox	1,907,670	-
Amortisation and impairment charge	-	-
Closing carrying value at 30 June	1,907,670	-

The recoverable amount of the consolidated entity's goodwill has been determined by a value in use calculation using a discounted cash flow model, based on a 5 year projection period with a terminal value. Key assumptions are the use of a pre-tax discount rate of 18%, a 5% growth rate for 5 years with 3% growth in the terminal value. Management plans for growth in the business exceed 5% in the next 5 years however a conservative growth rate has been used. The discount rate is considered appropriate based on the stage of business development given current market conditions.

Note 17 Trade and Other Payables

	Consolidated Group 2010 $	2009 $
CURRENT		
Unsecured liabilities		
Trade payables	266,797	642,525
Sundry payables and accrued expenses	401,440	-
	668,237	642,525
Less: Liabilities from discontinued operations	(412,847)	-
	255,390	642,525

Note 18 Provisions for Employee Benefits

CURRENT	Consolidated Group 2010 $	2009 $
Short-Term Employee Entitlements		
Annual Leave	7,988	70,139
	7,988	70,139

NON-CURRENT	Consolidated Group 2010 $	2009 $
Long-Term Employee Entitlements		
Long Service Leave	-	-

Analysis of Total Provisions	Consolidated Group 2010 $	2009 $
Current	7,988	70,139
Non-current	-	-
Provision for Employee Entitlements	7,988	70,139

Note 19 Financial Liabilities

Convertible Notes Issued

During the year ended 30 June 2009, the Company issued $673,980 of convertible notes and a further $125,000 in the year ended 30 June 2010, at a principal value of $ 1.00 each. Each convertible note was interest bearing at a rate of 8.5% interest per annum (paid monthly in arrears) and unsecured. The convertible notes were not redeemable and not repayable except in the event that the Company did not obtain shareholder approval to the convertibility of each Note by 12 June 2010, in which case the Note was repayable upon demand. Shareholders approval was received on 7 December 2010. The Company can issue Notes to the value of up to 15% of its listed capital without shareholder approval. The convertible notes were accounted for as compound financial instruments in accordance with AASB 139 Financial Instruments: Recognition and Measurement.

Terms and conditions

These notes are not transferable and cannot be traded unless converted into shares. The Convertible Notes confer no entitlements to participate in any bonus issues or pro rata issues. The Notes do not confer on the holder any voting rights.

In the event of reorganisation, reconstruction, consolidation or sub-division of the capital of the Company Holders of Convertible Notes will be treated in the same manner as ordinary shareholders in the Company.

The proceeds received have been accounted for as follows:

	Consolidated Group	
	2010 $	2009 $
Non current interest bearing liabilities	-	640,751
Contributing equity(i)	-	23,260
Deferred tax liability	-	9,969
Total	-	673,980

(i) Equity Component

	Consolidated Group	
	2010 $	2009 $
Balance at beginning of year	23,260	-
Transfer to equity issued capital on conversion	(23,260)	-
Equity portion of convertible notes issued during the year	-	23,260
Balance at end of year	-	23,260

All convertible notes had been converted by 30 June 2010, however 3,750,000 of shares in respect of $75,000 of convertible notes had not been issued and are recorded in equity as shares to be issued.

Note 20 Issued Capital

	Consolidated Group 2010 $	2009 $
Ordinary Shares	23,693,837	21,074,922
Ordinary shares to be issued (ii)	607,500	-
Equity portion of Convertible Notes (Note 19)	-	23,260
Options Over Shares – Reserve	1,635,015	1,532,428
	25,936,352	22,630,610

Terms and Conditions of Issued Capital

Ordinary Shares fully paid with no par value

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the Sale of all surplus assets in proportion to the number of and moneys paid up on shares held. Ordinary shares entitle holders holder's to one vote, either in person or by proxy at a meeting of the Company.

Warrants to subscribe for ordinary shares

As part of the company's appointment of its UK Nominated Advisor for the AIM listing a warrant has been issued to the Nominated Advisor which allows the Nominated Advisor to subscribe for up to 2% in number of the ordinary issued shares of the company. The Nominated Advisor may exercise the shares at the lower of 3.375 pence per ordinary share and the price the company next makes a substantial issue of equity subsequent to the date of the agreement, 17 March 2009. The warrant instrument does not become enforceable unless approved by a resolution of the shareholders. The directors intend to submit a resolution for consideration of the shareholders at the 2010 AGM.

Options

Option holders do not have the right to receive a dividend and are not entitled to vote at a meeting of the Company. Options may be exercised at any time from the date they vest to the date of their expiry. Share options convert into ordinary shares on a one for one basis on the date they are exercised.

(a) Ordinary Shares	2010 No. Shares	2010 $	2009 No. Shares	2009 $
At the beginning of reporting period	106,408,959	21,074,922	91,471,459	20,224,492
Shares issued during the year – Acquisition share issue (i) (ii)	47,850,000	1,435,500	13,687,500	766,930
Issued to creditors in lieu of Cash	4,384,479	96,181	-	-
Issued to directors and consultants in lieu of remuneration	9,213,350	313,254	-	-
Issued when convertible notes converted	38,699,000	773,980	-	-
Shares issued during the year – Capital raising share issue (ii)	-	-	1,250,000	100,000
Transactions costs relating to share issue	-	-	-	(16,500)
At Reporting Date	206,555,788	23,693,837	106,408,959	21,074,922

(i) 2010	Details	No.	Issue Price	$
10/12/2009	Further Acquisition of Red Paragon Pty Ltd (Note 13 (i))	2,000,000	0.03	60,000
01/02/2010	Acquisition of cBox Pty Ltd (Note 13 (iii)	45,600,000	0.03	1,368,000
11/05/2010	Acquisition of cBox Pty Ltd (Note 13 (iii)	250,000	0.03	7,500
		47,850,000		1,435,500

(i) 2009	Details	No.	Issue Price	$
09/02/2008	Acquisition of Red Paragon Pty Ltd (Note 13 (i))	13,687,500	0.05603	766,930
15/04/2009	Capital Raising	1,250,000	0.08000	100,000
		14,937,500		866,930

(ii) Shares to be issued	No.	Issue Price	$
Convertible notes (Note 19)	3,750,000	0.02	75,000
Contingent consideration – cBox Pty Ltd (Note 13 (ii))	17,750,000	0.03	532,500
	21,500,000		607,500

Note 20 Issued Capital (Cont'd)

(b) Options Reserve

Movement in Options on Issue	Note	2010 No. of Options	2010 $	2009 No. of Options	2009 $
At Beginning of the Reporting Period		16,250,173	1,532,428	16,750,173	1,532,428
Issued during the Year	(i)	8,500,000	102,587	-	-
Exercised during the Year	(ii)	-	-	-	-
Expired during the Year	(iii)	(5,000,000)	-	(500,000)	-
Balance at the End of the Financial Year	(iv)	19,750,173	1,635,015	16,250,173	1,532,428

(i) Issued during the Year

2010	Details	No.	Issue Price (Fair Value)	$	Expiry Date	Exercise Price $
14/12/2009	Issued Options to Director	3,500,000	0.011	38,500	31/12/2012	0.045
14/12/2009	Issued Options to Director	2,500,000	0.011	27,500	31/12/2012	0.045
14/12/2009	Issued Options to Chairman	2,500,000	0.011	27,500	31/12/2012	0.045
		8,500,000		93,500		

The options were valued using the black-scholes option pricing model with an exercise price of 4.5 cents, share price at grant date of 3.4 cents, time to expiry 3.04 years, share price volatility of 54%, a dividend yield of nil and a risk free rate of 4.92%. The options vest if, at any time following the date of issue and prior to 31 December 2012 the last sale price of Medic Vision Ltd shows on the ASX equals or exceed 2 cents for five consecutive trading days.

(ii) No options were exercised in the current period (2009:Nil)

Note
(a) – Fair value of options granted during the year as cash-settled shared-based payment arrangements, have been determined by reference to the fair value of goods and services provided and market value of listed options. Options have vested on grant date.

Note 20 Issued Capital (Cont'd)

(iii) Expired during the Year

Years	Details	No.	Issue Price	Fair Value $
2010				
2/5/2010	Issued to Director	500,000	0.079(b)	70,833
15/12/2009	Issued to ex-directors	4,500,000	0.30(c)	87,900
				158,733
2009				
04/05/2009	Issued to director	500,000	0.24	89,167

(iv) Options on Issue at 30 June 2010

Details	No.	Expiry Date	Exercise price $	Fair Value $
Issued Options to under Capital Raising	6,675,173	17/1/2012	0.20)	-
Issued to Consultants	475,000	17/1/2012	0.20	14,250
Issued to Consultants	600,000	17/1/2012	0.20	18,000
Issued to Consultants	500,000	17/1/2012	0.20	24,500
Issued to Consultants	500,000	17/1/2012	0.20	15,000
Issued to Director	500,000	28/02/2012	0.20	6,866
Issued to Director	1,000,000	30/11/2012	0.177	22,306
Issued to Director	1,000,000	30/11/2012	0.177	22,307
Issued to Directors	8,500,000	30/11/2012	0.045	93,500
	19,750,173			216,729

Note

Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation.

Consideration received on the exercise of options is recognised as contributed equity.

Further information on the options and remuneration of Key Management Personnel is set out in the Directors' Report.

Note 21 Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell as-sets to reduce debt.

During 2010, management did not pay any dividends. Management does not foresee any payment of dividend in 2011.

Management is reviewing plans to issue further shares on the market.

There has been no change to the strategy adopted by management to control the capital of the entity.

	Consolidated Group 2010 $	2009 $
Borrowings		-
Trade and other payables	710,845	642,525
Total	710,845	642,525
Less cash and cash equivalents	(484,328)	(737,197)
Net debt	226,517	(94,672)
Total equity	1,875,065	324,355
Total capital	2,101,582	229,683
Gearing ratio	10.7%	-

The Group is not subject to any externally imposed capital requirements

Note 22 Reserves

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Note 23 Capital and Leasing Commitments

		Consolidated Group 2010 $	2009 $
(a)	Operating Lease Commitments		
	Non-cancellable operating leases contracted for but not capitalised in the financial statements		
	Payable – minimum lease payments		
	– not later than 12 months	38,100	25,400
	– between 12 months and 5 years	41,275	88,900
		79,375	114,300

On 4th August 2009, Medic Vision Ltd entered into a lease for 36 months, commencing 4 November 2009, expiring 4 August 2012 at a rate of $38,100 per annum plus GST, with an annual increase of 4% per annum on the anniversary of the lease commencement date. The lease contains an option to extend the term of the lease.

Note 24 Segment Reporting

	Simulators 2010 $	Simulators 2009 $	Skill Centres 2010 $	Skill Centres 2009 $	Digital Marketing 2010 $	Digital Marketing 2009 $	Total 2010 $	Total 2009 $
Business Segments								
REVENUE								
External sales	336,026	1,087,570	24,779	97,464	711,436	-	1,072,241	1,185,034
Total segments revenue	336,026	1,087,570	24,779	97,464	711,436	-	1,072,241	1,185,034
Non-Segment revenue								
Other Income							8,586	351,589
Interest Income							13,135	11,760
Total consolidated revenue							1,093,962	1,548,383
RESULT								
Segment result	7,633	(1,263,738)	5,495	(273,155)	160,958	-	174,086	(1,536,893)
Unallocated expense							(1,202,057)	(992,384)
Profit/(loss) before tax and finance costs							(1,027,971)	(2,529,277)
Finance costs							(58,933)	(14,914)
Loss before income tax and minority interest							(1,086,904)	(2,544,191)
Income tax expense								-
Profit/Loss attributable to Minority Interest							4,767	79,784
Net loss for the year							(1,082,137)	(2,464,407)

	Simulators 2010 $	Simulators 2009 $	Skill Centres 2010 $	Skill Centres 2009 $	Digital Marketing 2010 $	Digital Marketing 2009 $	Total 2010 $	Total 2009 $
ASSETS								
Segment assets	140,199	418,856	-	45,000	446,217	-	586,416	463,856
Unallocated assets							454,492	1,213,914
							1,040,908	1,677,770
LIABILITIES								
Segment liabilities	115,611	642,525	-	-	218,361	-	333,972	642,525
Unallocated liabilities							1,456,095	70,139
Unallocated financial liabilities							85,000	640,751
							1,875,067	1,353,415
OTHER								
Capital expenditure	-	13,605	-	225,135	9,233	-	9,233	238,740
Unallocated capital							20,287	-
Depreciation and amortisation of segment assets	110,799	268,695	31,088	-	14,705	-	156,592	268,695
Unallocated depreciation and amortisation							56,597	-
Total depreciation and amortisation							213,189	268,695

The directors have monitored the operations of the company within three key segments, medical device development and sales (simulators) consulting and development of medical skill centres and the new digital marketing business.

Note 25 Cash Flow Information

	Consolidated Group 2010 $	2009 $
Reconciliation of Cash Flow from Operations with Loss After Income Tax		
Loss after Income Tax	(1,086,904)	(2,544,191)
Cash flows excluded from loss attributable to operating activities		
Non-cash Flows in Loss		
Amortisation	-	61,033
Depreciation	160,039	207,661
Write off of property, plant and equipment	105,256	-
Foreign currency movements	(2,646)	-
Share based payments	460,687	-
Loss on sale of available for sale financial assets	-	74,364
Non-cash Income	-	69,336
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	18,781	177,821
(Increase)/decrease other current assets	23,389	183,542
Increase/(decrease) in trade payables and accruals	(61,813)	(52,294)
(Increase)/decrease in provisions	50	2,301
Cash used in operations	(383,161)	(1,820,427)

Note 26 Related Party Disclosure

Equity Interests in Controlled Entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 13 to the financial statements.

Loan Disclosures

There are no related party loans between the disclosing entity and any key management personnel.

Transactions within the Wholly–owned Group

The wholly-owned group includes:

The ultimate parent entity in the wholly-owned group; and

Wholly-owned controlled entities.

The ultimate parent entity in the wholly-owned group is Medic Vision Limited. Details of interest revenue derived from entities in the wholly-owned group are disclosed in Note 4a of the financial statements. Amounts receivable from and payable to entities in the wholly-owned group are disclosed in Note 12 of the financial statements. During the year, the parent company provided loan funds to its subsidiary of $ 234,628 (2009: $584,293) which consisted of net cash funding of $ 234,628 (2009: $543,434). Interest of $ Nil (2009: $ Nil) was charged by the parent company for the provision of the loan funds. At 30 June 2010, the parent entity impaired this loan as detailed in Note 12.

Transactions with Key Management Personnel

Total remuneration, payments and equity issued to Directors and Key Management personnel are summarised as follows:

Note 26 Related Party Disclosure (Cont'd)

	Consolidated Group 2010 $	2009 $
Short-term Benefits		
Cash Salary, Fees and Short-term Compensation Absences	373,599	506,608
Short-term Cash Profit-sharing and Other Bonuses		-
Post Employment Benefits		
Superannuation	13,487	10,076
Share-based Payments	378,315	
Options	-	-
	765,401	516,684

A detailed summary of the Key Management Personnel remuneration is contained in the Directors' Report.

b. Remuneration Options

The following remuneration options were issued to Key Management Personnel in the year ended 30 June 2010.

Vince Leone	3,500,000
Jitto Arulampalam	2,500,000
Frank Cannavo	2,500,000

c. Shares Issued on Exercise of Remuneration Options

There were no shares issued on exercise of remuneration options to Key Management Personnel in the year ended 30 June 2010.

d. Convertible Note Subscribers

The following Director related party entities subscribed towards the convertible notes:

1. Ross Horley (Director – resigned 4 September 2009)	$10,000
2. Anthony Meats Superannuation Fund (Frank Cannavo and Vince Leone)	$200,000
3. Frank Cannavo Investments Pty Ltd (Director – Frank Cannavo)	$100,000
4. Pesco Investments Pty Ltd (Director – Vince Leone)	$20,000
5. Frank Cannavo Superannuation Fund (Director – Frank Cannavo)	$50,000
6. Flavours Fruit and Vegetable Supply (Director – Frank Cannavo)	$20,000
7. Thirty Eight Vobard Pty Ltd (Director – Frank Cannavo)	$10,000

e. Interest in Red Paragon Pty Ltd prior to acquisition of Red Paragon Pty Ltd:

Frank Cannavo Investment Trust held 25 , $5,000 shares amounting to $ 125,000 prior to the acquisition of Red Paragon Pty Ltd. Subsequent to the acquisition, this was converted into 1,562,500 Medic Vision Ltd shares at 8 cents each.

Note 26 Related Party Disclosure (Cont.)

f. Options

Number of Options Held by Key Management Personnel – 2010

	Balance at 1/7/2009 No.	Granted as Remuneration during the Year No.	Options Exercised No.	Options Lapsed during the Year No.	Balance at 30/6/2010 No.	Total Vested at 30/6/2010 No.	Total Exercisable at 30/6/2010 No.	Total Un-exercisable 30/6/2010 No.
Directors								
Mr Jitto Arulampalam (appointed 2 September 2009)	-	2,500,000	-	-	2,500,000	2,500,000	2,500,000	-
Mr Frank Cannavo	2,500,000	2,500,000	-	1,500,000	3,500,000	3,500,000	3,500,000	-
Mr Jason Edwards (appointed 2 February 2010)	-	-	-	-	-	-	-	-
Mr Vince Leone (resigned as 28 July 2010)	-	3,500,000	-	-	3,500,000	3,500,000	3,500,000	-
Mr Ross Horley (resigned 2 September 2009)	3,500,000	-	-	2,500,000	1,000,000	1,000,000	1,000,000	-
Mr Ratnarajah Navaratnam (resigned 15 July 2009)	-	-	-	-	-	-	-	-
	6,000,000	8,500,000	-	4,000,000	10,500,000	10,500,000	10,500,000	-

Number of Options Held by Key Management Personnel – 2009

	Balance at 1/7/2008 No.	Granted as Remuneration during the Year No.	Options Exercised No.	Options Lapsed during the Year No.	Balance at 30/6/2009 No.	Total Vested at 30/6/2009 No.	Total Exercisable at 30/6/2009 No.	Total Un-exercisable 30/6/2009
Directors								
Mr Ross Horley	1,000,000	2,500,000	-	-	3,500,000	2,000,000	2,000,000	1,500,000
Mr Frank Cannavo	-	2,500,000	-	-	2,500,000	1,000,000	1,000,000	1,500,000
Professor Patrick Cregan (appointed 28 Jan 2008) (resigned 31 Aug 2008)	-	500,000	-	-	500,000	500,000	500,000	-
	1,000,000	5,500,000	-	-	6,500,000	3,500,000	3,500,000	3,000,000

Net Change Other refers to options issued for the year under review, other than for remuneration, or traded on market.

g. Shareholdings

Number of Shares held by Key Management Personnel – 2010

	Balance at 1/7/2009 No.	Granted as Remuneration during the Year No.	Options Exercised No.	Net Change Other No.	Balance at 30/6/2010 No.
Directors					
Mr Jitto Arulampalam (appointed 2 September 2009)	-	2,500,000	-	-	2,500,000
Mr Frank Cannavo	3,012,500	908,350	-	5,200,000	9,120,850
Mr Jason Edwards (appointed 2 February 2010)	-	-	-	8,270,200	8,270,200
Mr Vince Leone (resigned as director 28 July 2010)	859,000	5,805,000	-	1,000,000	7,664,000
Mr Ross Horley (resigned 4 September 2009)	5,213,074	1,886,700	-	(7,099,774)	-
Mr Ratnarajah Navaratnam (resigned 15 July 2009)	-	-	-	-	-
	9,084,574	11,100,050	-	7,370,426	27,555,050

Note 26 Related Party Disclosure (Cont.)

Net Change Other refers to options issued for the year under review, other than for remuneration, or traded on market.

Number of Shares held by Key Management Personnel – 2009

	Balance at 1/7/08 No.	Granted as Remuneration during the Year No.	Options Exercised No.	Net Change Other No.	Balance at 30/6/09 No.
Directors					
Mr Ross Horley	4,984,574	-	-	228,500	5,213,074
Mr Frank Cannavo	2,411,635	-	-	600,865	3,012,500
Professor Patrick Cregan (appointed 28 Jan 2008) (resigned 31 August 2008)	42,000	-	-	(42,000)	-
Mr. Thamby Navaratnam (appointed 10 Sept 2008) (resigned 15 July 2009)					
Mr. Vince Leone (appointed 20 May 2009)	-	-	-	859,000	859,000
	7,438,209	-	-	1,646,365	9,084,574

Net Change Other refers to options issued for the year under review, other than for remuneration, or traded on market or held at date of resignation.

Note 27 Events after Balance Sheet Date

After 30 June 2010 the company has signed a heads of agreement to acquire mConnect Pty Ltd, an international mobile marketing and content distribution company (target company) which has global presence and contracts with mobile carriers around the globe for the distribution of mobile content.

It is expected that the acquisition will further compliment the Company's already successful media and marketing subsidiary, cBox Pty Ltd and will allow for exponential growth of leading, cutting edge digital technology.

The directors are not aware of any other matters or circumstances that have arisen since 30 June 2010 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Note 28 Parent Entity

As at, and throughout, the financial year ending 30 June 2010 the parent company of the Group was Medic Vision Ltd. The results and financial position of the parent entity are detailed below.

	Note	Parent 2010 $	2009 $
RESULT OF THE PARENT ENTITY			
Loss for the year		1,102,476	2,392,906
Other comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,102,476	2,392,906
FINANCIAL POSITION OF THE PARENT ENTITY AT YEAR END			
Current assets		372,956	549,665
Non-current assets		2,362,697	578,236
Total assets		2,735,653	1,127,901
Current liabilities		237,811	192,573
Non-current liabilities		-	640,751
Total liabilities		237,811	833,324
Total equity of the parent entity comprising of:			
Share capital	5d	25,936,352	22,630,610
Reserves		-	-
Accumulated losses	6	(23,438,510)	(22,336,033)
Total equity		2,497,842	294,577

Parent entity contingencies and commitments

The parent entity has no contingent liabilities at 30 June 2010. The following table represents the commitments of the parent entity.

	2010 $	2009 $
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
– not later than 12 months	38,100	25,400
– between 12 months and 5 years	41,275	88,900
	79,375	114,300

On 4th August 2009, Medic Vision Ltd entered into a lease for 36 months, commencing 4 November 2009, expiring 4 August 2012 at a rate of $38,100 per annum plus GST, with an annual increase of 4% per annum on the anniversary of the lease commencement date. The lease contains an option to extend the term of the lease.

DIRECTORS' DECLARATION

The directors of Medic Vision Limited declare that:

(a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors Report set out on pages 10 to 15 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in note 2(c); and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors

Dated in Melbourne on 30 September 2010.

Jitto Arulampalam

Executive Chairman

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MEDIC VISION LIMITED

PKF

Chartered Accountants
& Business Advisers

Report on the Financial Report

We have audited the accompanying financial report of Medic Vision Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising Medic Vision Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(c), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

(a) the financial report of Medic Vision Limited is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001, and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(c).

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Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

Chartered Accountants
& Business Advisers

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2(b) in the financial report which indicates that the entity incurred a net loss from continuing operations of $941,520 during the year ended 30 June 2010 had net cash outflows from operating activities amounting to $383,161 and, as at that date, had a surplus of current assets over current liabilities of $547,580. Current assets includes $403,442 of assets held for sale, and the timing of realisation of proceeds from the sale of these assets is uncertain. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the entity does not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to15 of the directors' report for the period ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Medic Vision Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

PKF

PKF

R A Dean
Partner

30 September 2010
Melbourne

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ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by Australian Stock Exchange Limited and not shown elsewhere in the Annual Report is as follows. The information is at 29 September 2010.

Number of Holders of Equity Securities

Ordinary Shares 206,555,788; fully paid ordinary shares are held by 856 individual shareholders. All ordinary shares carry one vote per share.

Unlisted Options

There are 8,000,000 unlisted options exercisable at various prices with various exercise dates and vesting condition. Refer to Note 20 for more information.

Distribution of Shareholders	Ordinary	Options
Category (size of holding)		
1 – 1,000	6	0
1,001 – 5,000	61	2
5,001 – 10,000	167	0
10,001 – 100,000	490	30
100,001 – and over	173	17
	897	49

Unmarketable parcels

Shareholder Information

20 Largest Shareholders – Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Ms Wendy Antoinette Syme	35,961,800	17.07%
2.	Frank Cannavo Investments Pty Ltd	10,108,350	4.80%
3.	Rogue Investment Pty Ltd	9,900,900	4.70%
4.	Mr Jason Edwards	8,270,200	3.93%
5.	Minsk Pty Ltd	7,957,605	3.78%
6.	Mr Vinceanzo Leone + Ms Rosa Leone	6,430,000	3.05%
7.	Mr. Christopher Robert Rogerson	6,200,000	2.94%
8.	Mr Anthony Cannavo	6,125,000	2.91%
9.	Share Nominees Ltd	4,888,966	2.32%
10.	Dr Ingrid Van Bremen	3,907,217	1.85%
11.	Mr Ross Horley	3,497,019	1.66%
12.	H20 Pure Ltd	3,125,000	1.48%
13.	Mrs Beverly Ray Rogerson	3,000,000	1.42%
14.	Mr. Robert Lenton Rogerson	3,000,000	1.42%
15.	Mr. Christopher Robert Rogerson Prism Nominees Ltd	2,750,000	1.31%
16.	Mr. Kevin John Burrows + Mrs Mary Anne Burrows	2,644,419	1.26%
17.	Mr Frank Cannavo	2,550,000	1.21%
18.	Kershon Investments Pty Ltd	2,500,000	1.19%
19.	Prism Nominees Ltd	2,343,913	1.11%
20.	Mr Pal Lam Louis Wong	2,014,929	0.96%
		127,174,418	60.38%

20 Largest Option Holders – Listed Options

	Name	Number of Options Held	% Held of Issued Options
1.	Mr Steven Bodey	1,744,395	19.94%
2.	Ms Emily Kate Muschol	1,025,000	11.71%
3.	Mr Jamie Robert Bolton	800,194	9.14%
4.	Mr Owen John Coote & Mrs M Coote	532,000	6.08%
5.	Superstructure International Pty Ltd	500,000	5.71%
6.	Mr Matthew Gary Wallace	390,000	4.46%
7.	Custodial Services Limited	352,000	4.02%
8.	Mr Dimitri James Iliopoulos + Miss Kyle Beth Sandland	300,000	3.43%
9.	Mr Jeffry Francis Lawler	300,000	3.43%
10.	Mr Jeremy Booth	267,005	3.05%
11.	Mr Matthew Gary Wallace	250,000	2.86%
12.	Mr Renato Falcone	200,000	2.29%
13.	Mr Dimitri James Iliopoulos	200,000	2.29%
14.	Alabasha Investments Pty Ltd	184,000	2.10%
15.	Mrs Janice Elaine Chisholm	150,000	1.71%
16.	JKL Corporation Pty Ltd	125,000	1.43%
17.	Chipman Nominees Pty Ltd	110,000	1.26%
18.	Castlegarde Pty Ltd	100,000	1.14%
19.	Mr Westan Johnson and Mrs Janine Johnson	87,211	1.00%
20.	Chipman Nominees Pty Ltd	80,000	0.91%
		7,696,805	87.96%

Unquoted Equity Securities Holdings Greater than 20 per cent

The following related parties were issued unquoted equity securities holding greater than 20 per cent.

Name	No.	%
Frank Cannavo Pty Ltd	3,500,000	31.8%
Pesco Investments Pty Ltd	3,500,000	31.8%
Kershon Investments Pty Ltd	2,500,000	22.7%.

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act are:

Ms Wendy Antoinette Syme - 35,961,800 shares

Frank Cannavo Investments Pty Ltd – 11,670,850 shares

Shareholder Enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3067
Telephone: 1300 364 826 (within Australia)
+61 3 9415 4610 (outside Australia)
www.computershare.com.au

Change of Address, Change of Name, Consolidation of Shareholdings Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

Notes

Medic Vision Limited

Suite 4.12/4.13, Level 4, 343 Little Collins Street
Melbourne, VIC 3000, AUSTRALIA
Telephone: + 61 3 9371 0300
Facsimile: + 61 3 9015 6468

www.medicvision.com.au