MEDIC VISION LIMITED

ABN 67 099 084 143

APPENDIX 4D

HALF-YEAR REPORT

PERIOD ENDED 31 DECEMBER 2009

Results for announcement to the market

Results				A$
Total revenues	Down	6.8%	to	390,178
Net loss for the period attributable to members	Down	57%	to	745,063

Dividends	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	N/A	N/A
Previous corresponding period – no dividend declared	N/A	N/A
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	N/A	

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	0.03 cents	0.30 cents

MEDIC VISION LIMITED
AND ITS CONTROLLED ENTITIES

ABN 67 099 084 143

Interim Report
31 December 2009

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CORPORATE INFORMATION

This half-year report covers the consolidated entity comprising Medic Vision Limited and all the entities that Medic Vision controlled from time to time during the period and at balance date (the Group). The Group's functional and presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on page 5.

DIRECTORS

Mr. Jitto Arulampalam (Chairman)
Mr Vince Leone (Chief Executive Officer)
Mr Frank Cannavo
Mr Jason Edwards

COMPANY SECRETARY

Mr Justin Stedwell (appointed 30 October 2009)

REGISTERED OFFICE

45 Stubbs Street,
Kensington,
VIC 3031, Australia
Telephone: + 61 3 9371 0300
Facsimile: + 61 3 9639 6499

PRINCIPAL PLACE OF BUSINESS

45 Stubbs Street,
Kensington,
VIC 3031, Australia
Telephone: + 61 3 9371 0300
Facsimile: + 61 3 9639 6499

AUDITORS

PKF
Level 14, 140 Williams Street
Melbourne VIC 3000
Telephone: +61 3 9603 1700
Facsimile: +61 3 9602 3870

SHARE REGISTER

Computershare
452 Johnston Street
Abbotsford VIC 3067
Telephone: +61 3 9415 5000
Facsimile: +61 3 9473 2500

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Limited and was listed in AIM, UK until 24 December 2009
Home Exchange – Melbourne, Australia
ASX Code – MVH
AIM Code – MVH

SOLICTORS

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

BANKERS

Commonwealth Bank of Australia
499 St Kilda Road
Melbourne 3000

DIRECTORS' REPORT

Your directors present their report together with the consolidated financial report of Medic Vision Limited and the entities it controlled for the half-year ended 31 December 2009.

DIRECTORS

The following persons were directors of Medic Vision Ltd during the half-year and up to the date of this report.

Name
Mr. Jitto Arulampalam (Chairman) (appointed 14 September 2009)
Mr Vince Leone (Chief Executive Officer) (appointed as a director on 20 May 2009 and assumed the role of CEO 4 June 2009)
Mr Frank Cannavo
Mr Jason Edwards (appointed 3 February 2010)
Mr Ross Horley (resigned 2 September 2009)
Mr Ponnambalam Sivasubramaniam (appointed 6 April 2009) (resigned 14 August 2009)
Mr Ratnarajah ("Thamby") Navaratnam (appointed 10 September 2008) (resigned 15 July 2009)

REVIEW AND RESULTS OF OPERATIONS

The loss after income tax attributed to members of the consolidated entity for the half-year ended 31 December 2009 was $734,565 (2008: $1,662,885 loss).

Operational Update

During the six month to 31 December 2009, the new management team focused on recapitalising the business, completing the strategy review and operational restructure, which focussed on deriving value from the proven aspects of the business, namely its medical simulators.

Operations can be summarised as follows:

Completion of success capital raising and re-listing on ASX

The new management team completed a successful capital raising in the midst of the worst financial crisis since the great depression. As a result of the funds raised, new business plan and management approach, the new management team demonstrated that the business was able to address all items that resulted in the Company's suspension from trading on the ASX in March 2009. This was a significant accomplishment, which confirmed investor confidence in the new management team.

Cost reduction program

All company expenses continued to be reviewed during this six month period and all non essential/effective costs were removed. This placed significant pressure on remaining staff, who rose to the challenges with a "can do" approach.

Acquisition of innovative lead generation business, cBox Pty Ltd (cBox)

The Board of Medic Vision announced on 3 February 2010 that it had successfully completed the acquisition of C Box Pty Ltd upon completion and satisfaction of all conditions precedent to the transaction. This includes shareholder approval for the issue of 45,600,000 Medic Vision fully paid ordinary shares at $0.045 per share as consideration for the acquisition of C Box.

Initially the Company was interested in utilizing cBox's low cost and risk digital marketing and communications solutions to generate targeted sales leads around the world. Following several meetings to better understand each other's business, the Directors of both companies agreed it was in the best interests of shareholders of both entities for Medic Vision to acquire cBox. cBox was and continues to be a profitable business. This acquisition also resulted in the appointment to the Board of Jason Edwards (founder of cBox) as executive director.

Maximising the value of simulator assets, LEI strategic alliance

During the Company's strategic review, the new management team discovered that although it had proven and award winning medical simulators, it lacked an experienced and effective medical industry operational team to commercialise the simulators. The new management team also terminated the Skills Centre development management strategy as the Company did not have proven expertise to achieve this strategy, nor the working capital to realise this strategy. As a result, the new management team sought opportunities whereby the value of the medical simulators could be realised. The Board's preferred option is a strategic alliance with Leading Edge Instruments (LEI). The key attraction of the LEI alliance, is not only a diversified medical asset opportunity (two other medical assets, Breathe Assist and Vibrovein, in addition to the Medic Vision simulators, are part of the LEI opportunity), but also the fact that the LEI opportunity includes an expert medical team with a proven track record over three decades. The Company has commenced due diligence on the LEI opportunity, which is subject to funding and other conditions yet to be fully determined.

Red Paragon

During the period, the new Board completed a further acquisition (9.29%) of the non controlled equity in Red Paragon Pty Ltd, taking its ownership to approximately 96.79 % (previously 87.5%). The Board has been approached by a number of parties interested in purchasing the Red Paragon business. The Board is in discussion with a number of these parties and will update the market once a concrete agreement is reached.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 8 and forms part of the Director's Report for the half-year ended 31 December 2009.

This report is made in accordance with a resolution of directors.

Jitto Arulampalam
Chairman

Melbourne
1st March 2010

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PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Medic Vision Limited for the half year ended 31 December 2009, 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 review; and

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

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

R A Dean
Partner
PKF

1 March 2010
Melbourne

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Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2009

		Half-year	
		Dec 2009	Dec 2008
	Notes	$	$
Revenue from continuing operations		369,575	407,932
Other income		20,603	10,767
Cost of goods sold		(217,594)	(231,297)
Cost of services rendered		(12,464)	(5,800)
Employee expenses including share based payments		(520,432)	(618,057)
Depreciation, amortisation and impairment		(88,318)	(94,980)
Consulting fees		(12,680)	(47,391)
Legal & other professional fees		(134,669)	(137,951)
Regulatory and listing costs		(66,580)	(67,342)
Marketing and Promotion Expense		1,171	(29,588)
Research and Development expense		-	(171,696)
Occupancy expenses		(14,282)	(110,629)
Net Foreign exchange gain/(loss)		43,628	(22,536)
Loss on sale of available for sale of financial assets		-	(241,156)
Other expenses		(69,381)	(303,161)
Finance costs – convertible notes		(40,065)	-
(Loss) before income tax		(741,488)	(1,662,885)
Income tax benefit		-	-
(Loss) for the half year		(741,488)	(1,662,885)
Other comprehensive income			
Exchange differences on translation of foreign operations		(10,498)	(61,418)
Other comprehensive income for the half year, net of tax		(10,498)	(61,418)
Total comprehensive income for the half year		(751,986)	(1,724,303)
Loss for the half year is attributable to :			
Owners of Medic Vision Limited		(734,565)	(1,662,885)
Non-controlling Interest		(6,923)	-
		(741,488)	(1,662,885)
Total comprehensive income for the half year is attributable to:			
Owners of Medic Vision Limited		(745,063)	(1,724,303)
Non-controlling interest		(6,923)	-
		(751,986)	(1,724,303)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic (losses) per share		(0.62)¢	(1.88)¢
Diluted (losses) per share		(0.62)¢	(1.88)¢

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

		CONSOLIDATED	
		31 December 2009	30 June 2009
	Notes	$	$
ASSETS			
Current Assets			
Cash and cash equivalents		511,301	737,197
Trade and other receivables		416,026	391,839
Inventories		72,183	72,018
Available-for-sale financial assets		-	-
Other current assets		11,797	36,289
Total current assets		1,011,307	1,237,343
Non-current Assets			
Property, plant and equipment		355,842	440,427
Other financial assets		-	-
Total non-current assets		355,842	440,427
TOTAL ASSETS		1,367,149	1,677,770
LIABILITIES			
Current liabilities			
Trade and other payables		504,251	642,525
Provisions		-	70,139
Total current liabilities		504,251	712,664
Non-current liabilities			
Financial liabilities		807,123	640,751
Total non-current liabilities		807,123	640,751
TOTAL LIABILITIES		1,311,374	1,353,415
NET ASSETS		55,775	324,355
EQUITY			
Equity attributable to owners of Medic Vision Limited			
Contributed equity	5	23,174,016	22,630,610
Accumulated losses		(23,053,978)	(22,276,563)
Reserves		(69,968)	(59,470)
Total Parent Entity Interest		50,070	294,577
Add: Minority Interest		5,705	29,778
TOTAL EQUITY		55,775	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 half-year ended 31 December 2009

		Attributable to Equity Holders of the Parent				
CONSOLIDATED	Note	Contributed Equity	Accumulated Losses	Reserves	Non Controlling interest	Total Equity
Balance as at 1 July 2009		**22,630,610**	**(22,276,563)**	**(59,470)**	**29,778**	**324,355**
Loss for the period		-	(734,565)	-	(6,923)	(741,488)
Other Comprehensive Income						
Foreign Currency Translation		-	-	(10,498)	-	(10,498)
Total Comprehensive income for the period		-	(734,565)	(10,498)	(6,923)	(751,986)
Transactions with owners in their capacity as owners;						
Share based Payment		64,332	-	-	-	64,332
Equity portion of convertible notes		12,320	-	-	-	12,320
Minority interest adjustment for further acquisition of Red Paragon		60,000	(42,850)	-	(17,150)	-
Issue of Shares and options	5	406,754	-	-	-	406,754
Balance as at 31 December 2009		**23,174,016**	**(23,053,978)**	**(69,968)**	**5,705**	**55,775**
Balance as at 1 July 2008		**21,756,922**	**(19,812,156)**	**114,130**	**-**	**2,058,896**
Loss for the period		-	(1,724,303)	-	-	(1,724,303)
Other Comprehensive Income						
Foreign Currency Translation		-	-	106,330	-	106,330
Sale of shares held for sale		-	-	(245,105)	-	(245,105)
Total Comprehensive income for the period		-	(1,724,303)	(138,775)	-	(1,863,078)
Transactions with owners in their capacity as owners;						
Issue of shares		100,000	-	-	-	100,000
Capital raising costs		(16,500)	-	-	-	(16,500)
Balance as at 31 Dec 2008		**21,840 422**	**(21,536,459)**	**(24,645)**	**-**	**279,318**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2009

		Half-year	
		2009	2008
	Notes	$	$
Cash flows from operating activities			
Receipts from customers		246,403	906,924
Payments to suppliers and employees		(896,309)	(1,788,427)
		(649,906)	(881,503)
Interest received		6,916	10,000
Grant income		243,782	18,371
Other receipts		-	219
Net cash flows (used in) operating activities		(399,208)	(852,913)
Cash flows from investing activities			
Payments for acquisition of:			
Plant and equipment		(11,688)	(10,245)
Proceeds from disposal of:			
Proceeds from disposal - available for sale financial assets		-	658,233
Net cash (used in) /provided by investing activities		(11,688)	647,988
Cash flows from financing activities			
Proceeds from issue of convertible notes		185,000	-
Proceeds from issue of shares		-	100,000
Capital raising costs		-	(16,500)
Net cash flows provided by financing activities		185,000	83,500
Net (decrease) in cash held		(225,896)	(121,425)
Cash at beginning of period		737,197	466,091
Cash at end of period		511,301	344,666

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. (a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report, together with any public announcements made by Medic Vision Limited.

Medic Vision Limited and its controlled entities ("the group" or "consolidated entity") has adopted applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009. When 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 101 Presentation of Financial Statements

The revised Standard separates the 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 statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

(b) Basis of preparation

The half year financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2009.

(c) Going Concern

The consolidated entity has incurred a net loss attributable to members of $734,565 during the half-year ended 31 December 2009 (31 December 2008 loss $1,662,885) and had negative cash flows from operating activities of $399,208 (31 December 2008 negative $852,913). However, the significant Group restructuring and acquisition of cBox Pty Ltd provides the basis for the consolidated entity's ability to continue as a going concern.

The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors, the key one being the continuation and availability of funds. As at 31 December 2009 the consolidated entity had net current assets of $507,056.

The consolidated entity is expecting to fund ongoing obligations beyond this working capital position. The company has raised $848,980 via a convertible note issue completed during the current period. In addition to the fund raising, the Directors have completed a re-structure of the business and enacted the following:

- Continued reductions of the overheads of the Group and concentration on realising the true value of its unique medical simulators

The Group has reduced staff (by 75%) and operational costs in the reduction of non-core staff/consultants and the rationalisation of product development expenditure. This is in line with the Group's direction to focus on simulator products but not to develop new products unless fully funded by external parties or grants.

The Group has recently completed a significant sale within Australia to the value of $367,000 excluding GST. And at the end of the current reporting period had debtors of $240,000, which the directors believe is fully recoverable.

- Acquisition of cBox Pty Ltd;

The Group terminated full time sales staff and instead commenced establishing a strategic alliance with cBox to provide low cost, effective and targeted marketing campaigns. The Directors then decided to purchase cBox because of its key strength that generates a positive cash flow.

- Reduction of simulator manufacturing costs;

The Group has scaled down its product development activities to the extent that all new simulator projects shall be fully funded by sales, external parties or grants. Continuous upgrading and enhancement of the Group's existing Mediseus temporal bone drilling simulator and epidural simulator will continue with consultants remunerated on a fixed scope and cost basis wherever necessary and possible. The acquisition of cBox will significantly enhance the Group's ability to target sales of the simulators to a wider market at a lower cost.

- Securing additional equity and or funding

The Group is in continuous discussions with a number of funding entities in regard to furthering the Group business in particular the future acquisition of business opportunities comparable with the MVH strategy.

- Maximising the value of simulator assets, LEI strategic alliance

During the Group's strategic review, the new management team discovered that although it had proven and award winning medical simulators, it lacked an experienced and effective medical industry operational team to commercialise the simulators. The new management team also terminated the Skills Centre establishment and management strategy because the Group did not have proven expertise to achieve this strategy, let alone the capital to realise this strategy. As a result, the new management team sought opportunities whereby the value of the medical simulators could be realised. The Board's preferred option was a strategic alliance with Leading Edge Instruments (LEI). The key attraction of the LEI alliance, was not only a diversified medical asset opportunity (two other medical assets, Breathe Assist and Vibrovein, in addition to the Medic Vision simulators, are part of the LEI opportunity), but also the fact that the LEI opportunity includes an expert medical team with a proven track record over three decades. The Group commenced due diligence on the LEI opportunity, which is subject to funding and other terms.

Cash flow forecasts prepared by management demonstrate that with the successful introduction of the above strategies the consolidated entity will have sufficient cash flows to meet its 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 a '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 ordinary course of business, and at amounts that differ from those 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 necessarily incurred should the company and the consolidated entity not continue as going concern.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Medic Vision Limited controlled from time to time during the year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(d) Business Combinations

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes. All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payables classified as debt and subsequently remeasured through the income statement. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be reliably measured and were accounted for as an adjustment to the cost of the acquisition.

Acquisition related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an aquiree are now recognised at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision in made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

Where a business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest is remeasured at fair value as at the acquisition date through profit or loss

2. SEGMENT INFORMATION

The principal business of the group is the supply and development of medical and surgical tools in Australia, United Kingdom and Asia.

3. LOSS FOR THE HALF-YEAR

	Half-year 2009 $	Half-year 2008 $
Loss for the half-year included the following items that are unusual because of their nature, size and incidence:		
Losses		
Shares and options based granted to employees and directors	(406,754)	-
Loss on Sale of Available for Sale of Financial Assets	-	(241,156)
	(406,754)	(241,156)

4. DIVIDENDS

No dividends are paid or proposed for the half-year ended 31 December 2009

5. EQUITY

	2009	2009	2008	2008
Ordinary Shares				
	No of Shares	$	No of Shares	$
At the beginning of the reporting period	**106,408,959**	**21,074,922**	**93,415,464**	**20,382,023**
Issues of ordinary shares during the half-year				
Acquisition of 9.29% shares in Red Paragon Pty Ltd	2,000,000	60,000	-	-
Issued to creditors in lieu of settlement	2,426,667	64,332	-	-
Issued to Directors and Employees	9,213,350	313,254	-	-
Capital raising share issue	-	-	1,250,000	100,000
Transaction costs related to share issue	-	-	-	(16,500)
Cancellation of buy back shares	-	-	(1,944,005)	(157,529)
At Reporting Date	**120,048,976**	**21,512,508**	**92,721,459**	**20,307,994**
Option Reserve				
At the beginning of the period	16,250,173	1,532,428	16,250,173	1,532,428
Issues of options during the half year	8,500,000	93,500	-	-
At Reporting Date	**24,750,173**	**1,625,928**	**16,250,173**	**1,532,428**
Equity portion of convertible shares				
At the beginning of the period	-	23,260	-	-
Movement during the half year	-	12,320	-	-
At Reporting Date	-	**35,580**	-	-
Total Contributed Equity		**23,174,016**		**21,840,422**

6. BUSINESS COMBINATION

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% shares of Red Paragon.

7. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

7.1)

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 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.

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.

The fair value of the identifiable assets and liabilities of cBox Pty Ltd at the date of acquisition were provisionally determined as:

	Recognised on acquisition	Carrying Value
	$	$
Cash	24,333	24,333
Other Receivable	132,428	132,428
Trade Receivables	143,915	143,915
Plant & Equipment	10,423	10,423
	311,099	311,099
Trade Payables	9,430	9,430
Other Payables	88,122	88,122
	97,552	97,552
Fair value of identifiable net assets	213,547	
Less minority interests	-	
Net assets acquired	213,547	
Cost of the combination:		
Shares issued	1,368,000	
Total cost of the combination	1,368,000	
Goodwill on Acquisition	1,154,453	
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	24,333	
Net consolidated cash inflow	24,333	

7.2)

On 25 February 2010, the Directors announced to the ASX that they had successfully completed due diligence procedures in relation to the proposed sale of three Medic Vision subsidiary companies in consideration for $6,100,000 of fully paid ordinary shares in Leading Edge Instruments (LEI). The transaction is subject to certain 'conditions precedent' including LEI raising $2million and MVH obtaining shareholder approval for the transaction.

The Directors are not aware of any other matters or circumstances which have arisen since the end of the financial year, not otherwise dealt with in this Report or Group Financial Statements, which may significantly effect the operations of the entity, the results of those operations or state of affairs of the Company or Group

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Medic Vision Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) give a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134 *"Interim Financial Reporting"* and the Corporations Regulations 2001; and

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

Dated at Melbourne this 1 st day of March 2010

On behalf of the Board

Vince Leone
Director

PKF

Chartered Accountants
& Business Advisers

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Medic Vision Limited which comprises the statement of financial position as at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Medic Vision Limited and the entities it controlled as at 31 December 2009 or from the time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Medic Vision Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Medic Vision Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw your attention to Note 1(c) in the half-year financial report which indicates that the consolidated entity has incurred a net loss attributable to members of $734,565 during the half-year ended 31 December 2009 (31 December 2008 loss $1,662,885) and had negative cash flows from operating activities of $399,208 (31 December 2008 negative $852,913). These conditions, along with other matters as set forth in Note 1(c), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity'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.

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R A Dean
Partner

1 March 2010
Melbourne

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