medivac

Cleaner, Safer, Healthcare Solutions

Annual Report 2011

Healthcare solutions that protect people and the environment

CONTENTS

ABOUT MEDIVAC

medivac
Cleaner, Safer, Healthcare Solutions

At Medivac, we care about the world we live in, the resources we use and the kind of planet we want to leave behind.

Our business is all about providing cleaner, safer health care solutions. This commitment is at the core of the products we sell, our research and development, and our relationship with our customers, shareholders and the community at large.

Medivac is proud to be at the forefront of two clean safe health care initiatives.

The MetaMizer is a best practice, environmentally friendly solution to the remediation of bio hazardous waste for hospitals and quarantine facilities. The MetaMizer provides sterile, safe waste disposal on site. It reduces waste to landfill by up to 90%. Developed with the world's best research and technology, the MetaMizer is distributed internationally.

SunnyWipes are a more natural eco friendly range of hard surface wipes and hand sanitising solutions. We acquired and then further developed SunnyWipes to play a crucial part in the increasing and urgent need for infection control. But we also wanted to create a product that uses no harsh chemicals, is made from natural ingredients and is kind to the skin. SunnyWipes are both recyclable and compostable. SunnyWipes decrease human and environmental health risks.

We encourage you to align your own interest in providing cleaner, safer health care solutions that help protect our planet.

Please take the time to look around our website – www.medivac.com.au - and read more about our products and commitment.

.

19 September 2011

Dear Fellow Shareholder,

I am pleased to report that Medivac Limited group has significantly improved its financial performance in the financial year ended 30 June 2011, when compared with the previous corresponding year. This was a notable achievement given the economic conditions during the year under review and the investment made in completing its key commercialization activities.

FY 2011 has also seen the completion of MediVac Limited's two key development activities – the new MetaMizer 240 SSS clinical waste converter and SunnyWipes professional range of natural based antimicrobial hand sanitisers and general virucidal wipes. Whilst there have been some frustrating delays in extracting favourable decisions from domestic governments, we believe the company is in its best ever position to capitalize on the investment in its two key technologies.

The Company was able to fund this development investment through successful capital raisings and borrowings from shareholders and third parties, whilst at the same time maintaining a rigid focus on cost reduction and containment and reducing overall debt. As a result net equity was increased.

After conducting an extensive search for a commercialisation partner for Diakyne, the Company believes it more prudent to sell its non-core Tracesmart technology and accordingly, after taking advice from an independent valuation expert, has taken an impairment charge of $343,049 in the FY 2011 accounts against the carrying value of the Diakyne subsidiary and the Tracesmart technology.

Operating profit (loss) from continuing operations for the FY 2011 year of (A$1,965,066) was an improvement of 21% on the previous (FY 2010) period. After taking into account the above impairment charge, net loss was still an 8% improvement on the previous period.

The Company is most appreciative of the support of its shareholders and investment partners in funding the past twelve months and securing future working capital. With the majority of our development work completed and secured funding in place, the Company's focus will be to convert this investment into sales.

I would like to express my gratitude and appreciation to the Company's employees and Directors for their dedication, energy and continued enthusiasm and support. I would also like to express my appreciation to retired Director, Mr Stephen Copulos and retiring Director, Mr Peter Steve for their efforts and support behind MediVac.

I also welcome the Hon. Reba Meagher and Ms Helen Owens to the Board and look forward to leveraging their expertise and experience.

FY2012 promises to be an exciting year in the evolution of MediVac Limited. We are excited with the demand for our products and we will now be concentrating on building assembling capability and inventories to meet market demand.

Yours faithfully,

P. D. McPherson

Paul David McPherson
Executive Chairman

MediVac Technology provides the best practice solution to the handling and remediation of clinical and quarantine waste through a unique range including the MetaMizer MM 240 SSS and the Ozonator NG 1000

Newly completed MetaMizer MM 240 SSS

Ozonator NG 100

MediVac Technology has significantly improved its market positioning and product offering:

Key Highlights:

- Development of the new MetaMizer MM 240 SSS clinical waste converter has been completed. The new MetaMizer has significantly higher capacity, improved durability, greater longevity and reduced maintenance costs, increasing its appeal to a large potential global market.

- Results from rigorous in house testing of the new MetaMizer are exceeding expectations, including faster throughput, even higher capacity and ability to treat alternative feedstock.

- Marketing of the new MetaMizer has been intensified with the first machine sales expected in calendar 2011.

- With its partner CME Medical, the Company has secured a Memorandum of Understanding (MOU) with the Sri Lanka Ministry of Health for a potential order of a minimum of 25 new MetaMizer 240 SSS machines with revenue of in excess of A$ 15 million over four years. The final proposal has been completed and was submitted in February 2011. Despite some delays out of our direct control, we are confident of bringing this initiative to fruition.

- We are experiencing growing interest in the new MetaMizer in Australia and from other export markets. We have identified strong prospective customers for the new MetaMizer and Ozonator in key markets in the Private and Public Sector of NSW, Tasmania, Northern Territory, Western Australia, South Australia, Queensland and Victoria, for both clinical waste and quarantine waste. We have expanded our distribution partner network through appointment of Santair A.E. for Greece and Cyprus, complementing its existing partners in Japan, India, Russia & the CIA states. Suzuyo Japan continues to be a strong supporter of our technology.

New MetaMizer MM 240 SSS Control Panel

MetaMizer
240 SSS

The NEW
MetaMizer 240 SSS

The NEW MetaMizer 240 SSS is a waste conversion solution which simultaneously sterilises and shreds clinical waste on site. It provides hospitals, quarantine facilities, medical research facilities, in fact any health care facility with a proven and environmentally friendly, streamlined biohazardous waste management system. The NEW 240 SSS is NATA and ISO Laboratory validated and a Health Department and EPA approved process.

The key features of the NEW 240 SSS

- Simultaneously shreds and sterilises
- Zero harmful emissions, no incineration
- Processes up to 96 x 240 litre bins in a day
- Keeps comprehensive records of all waste movements
- Reduces the volume to landfill by up to 90%
- Comingles the inert bi-product with general waste
- Simple and safe to operate
- Has a small footprint

technology
medivac
Cleaner, Safer, Clinical Waste Solutions

Technical

The clinical waste is loaded into the MetaMizer via a standard 120 or 240 litre wheelie bin. The bin is weighed, RFID (Radio Frequency Identification Device) scanned and then emptied into the inlet chamber by an automated system incorporating an ergonomically safe materials handling device.

The waste is circulated around the vessel and back through the shredder multiple times throughout the sterilising procedure. This ensures fast and complete sterilisation of the waste, producing the maximum volume reduction possible.

NEW

The MetaMizer combines an efficient cutting device positioned inside a mechanical autoclave, which together continuously shred and sterilise clinical and sharps waste material. Steam generated by an on-board boiler system is the sterilising agent. The temperature within the pressure chamber exceeds 140C for the required 4 minute sterilisation period.

Environmental

A single step automated processor that can sterilise and granulate over 90 x 240 litre bins of biohazardous waste in a day.

NEW

- The entire process happens on-site
- A completed cycle in 11 – 15 minutes, dependent on the bin content
- The output volume is up to 90% less than input volume
- There is up to 30% weight reduction depending on fluid content of the waste
- Only 2.5 litres of water per cycle
- No CO2 Emissions on site
- The output product is inert, unrecognisable and granular
- And can be disposed of in regular licensed landfill

Having this secure and sterile waste management system on site streamlines your medical waste processes, giving you both operational and financial benefits. Knowing that your medical wastes are transformed into inert, non-infectious, unrecognisable matter at up to 90% reduction in volume is a tangible way to contribute to environmentally responsible waste management.

The date, time, temperature, pressure, location and weight data are logged throughout the process and stored on an SD card for easy access. This data is also remotely accessible.

Keeps comprehensive records of all waste movements

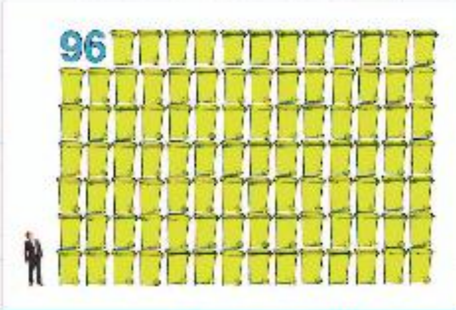
Financial

NEW

MediVac can lease the units to healthcare institutions freeing up much needed capital for patient care programs. The lease amount is fixed for 6-7 years or even longer with no CPI (Australia only).

Staff training takes the form of a one-on-one or small group session. This takes approximately 2 hours. Once your staff have been trained they can run the machine without supervision. No specialised staff are required.

One or multiple units can be monitored via an internet or phone connection relaying up-to-date information at each stage.



Processes up to 96 x 240 litre bins in a day

Medivac

We were listed on the Australian Stock Exchange in 2004 and have been in the business of cleaner and safer, clinical waste solutions for the past 14 years.

Our technology has been installed in Australia, Japan and Russia winning the following prestigious awards for Innovative Technology:

1) ACHS awarded Cairns Hospital the 2005 "Quality Improvement Award for clinical and sharps waste management"
2) Aichi World Expo in Japan winning the Global 100 Eco Tech Award

Our distribution partners are established in Japan, Russia, Cyprus, Greece and India.

We are proud to be at the very forefront of International clinical waste management technology.

The output product is landfill ready, inert, unrecognisable and recyclable

The Specifications

Dimensions: 2.2m Wide x 5.2m long x 3m high, and can usually be accommodated within the existing operational environment.

SPECIFICATIONS	DATA
Treatment Type	Concurrent sterilisation and shredding
Cycle Time	15 min (+,- depending on the waste type and density)
Load Capacity	240 litre bin per 15 minute cycle
Processing Capacity	960 litres per hour, approximately 200kg/hour
Output	Purged into a 240 litre bin enclosed in the machine Landfill ready, totally inert and unrecognisable
Emissions	Sterilised waste water, no harmful emissions
Energy Consumption	60kW short term peak load
Operating Costs	Approximately 30-40kW per hour ($4.50 - $6.00 per hour) 15 cents/kWh
Effectiveness	Steam sterilisation to better than 6 Log 10
Required Floor Space	7 metres wide by 9 metres long by 3 metres high. (Total area)
Height Requirements	3 metres high
Operator Requirements	Hospital or facility staff
Training Time	1 hour tutorial and 7 hours hands on operator guidance
Machine and Shredder Life	Indefinite with regular maintenance and appropriate waste loaded
Services	Electricity: A 100 amp 4 core and Earth supply is required Water: Mains supply, approximately 2.5 litres per cycle. Connection to mains via generic tap interface
Controls	Fully automated process utilising a colour touch screen PLC. The screen uses graphics to inform the operator of each sequence. All data is recorded onto an SD card. Remotely accessible
Service Time Schedule	6 monthly service check, annual maintenance schedule
Connection to Sewer	For treated sterile waste liquids to be discharged

The Offer

IF YOUR HEALTHCARE FACILITY FALLS INTO THE FOLLOWING:

You have an objective to improve your on site practices for infection control

You have a target to reduce your biohazardous waste output

You have a site for the MetaMizer of 9 metres by 7 metres

And you need to maintain accurate monitoring records

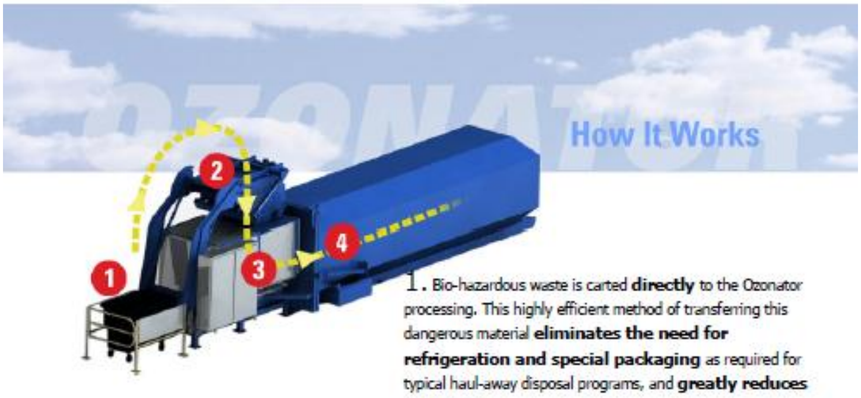
FREE

We are offering a FREE UPDATE AUDIT to determine the current state of your facility in terms of safety, efficiency, cost and regulatory performance. We do you a service and at the same time brag about the NEW 240 SSS. Take advantage of MediVac's NEW MetaMizer 240 SSS audit update offer now by contacting:

Paul McPherson
Executive Chairman
MediVac Limited
www.medivac.com.au

Phone +61 2 9630 0693 | +61 2 9922 3640 | Fax +61 2 9630 0633 | Mobile +61 411 428 734 | Email paul.mcpherson@medivac.com.au
Unit 8 / Lot 1B Kleins Road, Northmead NSW 2152 | P O Box 656 Baulkham Hills NSW 1755

Ozonator NG- 1000



1. Bio-hazardous waste is carted **directly** to the Ozonator processing. This highly efficient method of transferring this dangerous material **eliminates the need for refrigeration and special packaging** as required for typical haul-away disposal programs, and **greatly reduces handling.**

An in-house solution for fast, safe and Effective processing of Medical waste

2. Waste is loaded into a receiving hopper where an industrial strength **shredding mechanism** substantially reduces the volume of the waste and prepares it for ozone processing. This process insures materials are reduced to a size optimized for effective decontamination,

3. The condensed material is then exposed to a thick concentrated fog of **ozone gas.**

4. After processing with ozone, the material rests on the floor of the chamber, where it is pushed with a hydraulic mechanism into the **sealed transport container.** Once filled, the container can be **safely hauled to a municipal landfill** where it is emptied and returned to the Ozonator processing unit for another load.

The *OZONATOR* bio-hazardous waste disposal unit

PERFORMANCE SUMMARY

ASPECT	DATA
Process	• Continuous batch
Cycle Time	• Approximately 10 Minutes
Load Capacity	• 200 kg (440 lbs) per load/cycle maximum
Processing Capacity	• 28.8 tonnes (31.8 tons) / day maximum • 10,512 tonnes (11588 tons) / year maximum
Output	• 30 yard bin • Landfill-ready • 90% volume reduction [2]
Emissions	• None
Energy Consumption	• 37 kW peak load [2]
Operating Costs	• Energy CDN$2.96/hour—CDN$71.04/day (based on CDN$0.08 kWh at peak load) • Oxygen - source at facility • Water - source at facility
Effectiveness	• Sterilization • 6 Log[10] reduction of spores
Floor Space *	• 8 feet - width [1] • 41 feet 8 inches [1]
Height Requirements	• 17 feet
Staffing	• Current household or environment staff
Training Time Required	• Approximately 1 hour
Machine and Shredder Life	• Indefinite with regular maintenance
Services Required	• Electricity - 480v 3 phase and 120 single phase • Water - Approximately 2 Gallons per hour • Oxygen - Facility supplied oxygen or generated on-board by device
Service Time Schedule	• Approximately 1 hour per week

[1] Unit dimensions subject to change [2] Results may vary

SunnyWipes®
Infection control powered by nature.

SunnyWipes are a more natural ecofriendly range of hard surface wipes and hand sanitising solutions. SunnyWipes are both recyclable and compostable. SunnyWipes decrease human and environmental health risks.

SunnyWipes has completed its development of the new SunnyWipes professional range of natural based antimicrobial hand sanitisers and general virucidal and antimicrobial workplace wipes:

Key Highlights:

- Both the gel and wipes ranges are now registered on the Therapeutic Goods Australia (TGA) register – making SunnyWipes the world's first Type 1 Eco certified and professionally registered range.

- Manufacturing trials and first production runs of the SunnyWipes Antimicrobial hand sanitising gel range have been completed at a new GMP facility.

- A lower Gross Profit was recorded for the SunnyWipes subsidiary in the reporting period, as we sold down inventory ahead of the launch of the new professional range.

- Following successful trialling, we have secured distribution with NSW Ambulance for SunnyWipes Antimicrobial Hand Sanitising & Moisturising Gel. Paramedics' user feedback was overwhelmingly positive.

- The distribution arrangement with OfficeMax now incorporates supply to NSW Ambulance. It is expected that this will assist with strategies to expand distribution of SunnyWipes range to all OfficeMax clients nationally.

- Successful health care worker trials of the SunnyWipes Antimicrobial Hand Sanitising Gel have been completed at the Skin & Cancer Foundation of Victoria – this will provide the platform for necessary further trials in the Public Hospital systems.

- Research & development work, together with successful efficacy, safety and stability testing has been completed for the new SunnyWipes Antimicrobial Hand Rub, leveraging our unique IP. This will now be submitted for TGA registration. The new product is compliant with internationals standards EN 12791 and EN 1500.

- SunnyWipes has invested in international Patent (PCT) applications for intellectual property protection.

- The Company is seeking to establish distribution arrangements with national distribution companies, targeting Health, Commercial and Workplace markets.

- SunnyWipes was invited to join collaborating activities and to work with the World Health Organisation (WHO) and other worldwide stakeholders to improve world hand hygiene practices with its "First Global Patient Safety Challenge: Clean Care is Safe Care" initiative.

Professor Didier Pittet (centre), Director, Infection Control Program and WHO Collaborating Center on Patient Safety, University of Geneva Hospitals, Switzerland, Lead, First Global Patient Safety Challenge, WHO Patient Safety with MediVac Limited Directors Paul McPherson (left) and Peter Steve (right) at the University of Geneva Hospital, November 2010


SunnyWipes
Infection control powered by nature
Ingredients derived from natural sources*
Antimicrobial
Hand
Gel
No need to rinse.
General Virucidal
and Antimicrobial
Workplace Wipes
Hospital Grade Disinfectant
SunnyWipes.
Antimicrobial
Hand Gel
Antimicrobial
Hand Gel
World's first Type 1 Eco certified
and professionally registered range.

SunnyWipes.
Infection control powered by nature

How effective are our Gels?

- Active ingredient 70% ethanol, with 10% eucalyptus oil added
- Antimicrobial strength
- Naturally derived formulation
- Twin system – sanitises and moisturises skin – no need for anything else
- Complies to EN 1500
- Dermatologically tested
- Kills 99.99% of germs rapidly
- Good Environmental Choice Australia (GECA) endorsed
- TGA registered No. 172237

SunnyWipes. moisturising antimicrobial hand gels

SunnyWipes. moisturising antimicrobial hand gel has been developed for both professional and patient needs in every healthcare environment. The specially formulated natural alcohol, eucalyptus oil and a one-of-a-kind moisturising system kills germs rapidly without irritating the skin.

The natural alcohol provides fast-acting protection without the harshness of other denatured alcohol-based hand rubs or gels. Our non-sticky, non-greasy formula is absorbed quickly, leaving no messy residue. Unlike soap, you don't have to rinse it off with water and the gel provides far better protection, killing 99.99% of germs.

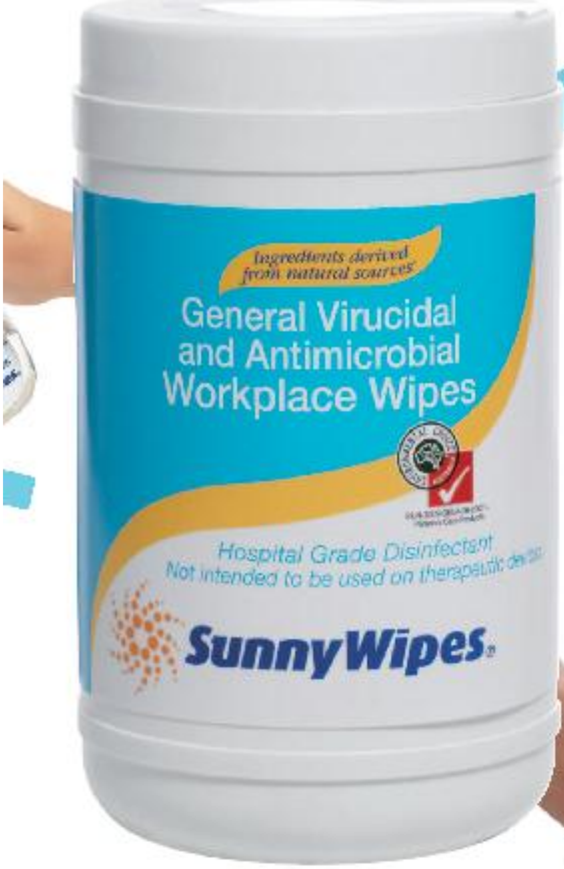
Unique a two-in-one sanitising and moisturising system, SunnyWipes. gels won't dry out your skin and can be used as often as needed. Independent tests confirm that SunnyWipes. gels won't cause dermatitis, dry, cracked skin or skin dehydration. So you can enjoy double the protection with SunnyWipes. gels – from germs and dry skin.

Sunnywipes. 99.99% protection from germs

SunnyWipes. is a new generation natural infection control company that offers unique green chemistry protection solutions. We've been developing our natural hygiene and infection control products for more than seven years.

SunnyWipes. antimicrobial gels and general virucidal and antimicrobial wipes can help protect you and your patients from 99.99% of harmful bacteria, including Influenza Type A virus strains and other bacteria and viruses that are resistant to antibiotics such as MRSA.

Using SunnyWipes. products can significantly reduce your exposure to bacteria and viruses through hand contact and contaminated surfaces. SunnyWipes. protection helps you stop germs before they infect you and your patients.



How effective are our Wipes?

- Active ingredient 70% ethanol 18% eucalyptus oil kills germs fast
- Naturally derived formulation
- Registered on the Therapeutic Goods Australia (TGA) register – Aust. R 178629
- Hospital grade disinfection
- Kills 99.99% germs including MRSA and VRE staph bacteria fast
- HACCP endorsed
- Good Environmental Choice Australia (GECA) endorsed
- Recyclable packaging green procurement
- Kills polio virus, adeno virus and herpes virus
- Kills bacteria
- Kills type A influenza viruses

More natural protection

Proudly Australian owned, SunnyWipes® antimicrobial gels and general virucidal and antimicrobial wipes are made with natural ingredients.

Both the gels and wipes contain no synthetic fragrances or preservatives and have been dermatologically tested. The products are non primary skin irritating or sensitive, so you can use them with confidence.

SunnyWipes® products are made with eucalyptus oil and have a fresh eucalyptus scent.

Hospital strength general virucidal and antimicrobial hard surface wipes

SunnyWipes® general virucidal and antimicrobial wipes kill Influenza Type A virus strains, bacteria MRSA and VRE, Staphylococcus vulgaris, Escherichia coli, Pseudomonas Aeruginosa and Proteus vulgaris. They provide hospital grade protection for surgery, patient and general hospital environments.

Contaminated surfaces can be cleaned, disinfected and polished with our unique three-in-one wipes, no rinsing required. The antimicrobial formula kills 99.99% of general bacteria, and also kills general viruses, Type A influenza virus, polio virus, herpes virus and adeno virus. Use as directed.

SunnyWipes® Antimicrobial and General Virucidal Wipes also effectively remove grease. Designed as the complete cleaning solution for hard surfaces, SunnyWipes® hard surface wipes leave a shiny, streak-free finish without creating static. Use SunnyWipes® Antimicrobial and General Virucidal Wipes to help you and your patients enjoy the protection from germs in your environment.

SunnyWipes.

Infection control powered by nature

Product range

Product Code	Product	Size		Carton
SWM-104	SunnyWipes. Antimicrobial & Moisturising Hand Gel	60 ml	Gel bottle	12
SWM-105	SunnyWipes. Antimicrobial & Moisturising Hand Gel	250ml	Gel bottle	12
SWM-102	SunnyWipes. Antimicrobial & Moisturising Hand Gel	500ml	Gel bottle	12
SWM-103	SunnyWipes. Antimicrobial & Moisturising Hand Gel	1 litre	Gel bottle	12
SWM-014	SunnyWipes. General Virucidal & Antimicrobial Workplace Wipes	75	Wipes	12

Compare SunnyWipes. antimicrobial gels and general virucidal antimicrobial wipes

Features	Gels	Wipes
Hospital grade strength	n/a	✓
Kills 99.99% of germs	✓	✓
Kills MRSA & VRE	✓	✓
HACCP endorsed	n/a	✓
Fast acting	✓	✓
Non sticky residue	✓	✓
No fragrance residue	✓	✓
Non primary skin irritant	✓	✓
Recyclable packaging – non hazard waste	✓	✓
Formulation derived from natural sources	✓	✓
Leave on application (no need to rinse)	✓	✓
Non carcinogenic substances (when used according to instructions)	✓	✓
Dermatologically tested	✓	✓
Good environmental choice product (low environment impact)	✓	✓
No synthetic fragrance, preservative, detergent and colour free	✓	✓
Natural scent	✓	✓
No rinsing required	✓	✓
Twin system proven to moisture the skin	✓	n/a
Complies to World Health Organisation standards	✓	✓
Non primary skin sensitiser	✓	✓

SunnyWipes. endorsements

Good Environmental Choice Australia (GECA) (Wipes & Gel)

HACCP Australia Accreditation (Wipes)

Proud signer of The Compact for Safe Cosmetics

Signatory to Compact for Safe Cosmetics

SunnyWipes. products work in harmony with you and the environment. SunnyWipes. range of hard surface cleaning wipes and personal care products has been assessed and accepted as compliant to the requirements of the 'Good Environmental Choice' label. The requirements of the verification are publicly available at www.aela.org.au. The primary environmental impacts of detergents, general cleaning and personal care products include:

- the toxicity and ecotoxicity of chemical formulations such as solvents, surfactants, fragrances, colourants
- the levels of volatile organic compounds, phosphorates and sodium
- the biodegradability of aerobic and non aerobic substances
- product formulation restriction on endocrine disruptors and enzymes
- the chemical nature of preservatives
- comprehensiveness of consumer information and type or packaging and recycling options in Australia including marking of the type of plastics.

When these important environmental attributes are assessed the certified SunnyWipes. products demonstrated having significant environmental load reductions compared to similar products in Australia.

medivac
cleaner, safer, healthcare solutions

SunnyWipes. – A Medivac Limited Company
3 Binney Road, Kings Park NSW 2148 | Phone: +61 (0)2 9630 0633 | Fax: +61 (0)2 9630 0533 | www.medivac.com.au

Diakyne provides a smarter way to analyse trace elements in fluids.

The Company has continued to invest in its Diakyne subsidiary's TraceSmart technology:

Key highlights:

- Further investment in patent protection has been made for TraceSmart.
- The Tracesmart technology has been validated and confirmed through independent research with the Australian National University in Canberra.
- A search for a commercialisation partner was conducted through corporate advisory firm, Supertrac. Whilst a number of interested parties – both domestic and overseas - were identified, no firm arrangement has yet been concluded.
- The Company believes it prudent to seek an outright sale of the TraceSmart technology and will commence this work immediately. As a result, the FY 2011 accounts have been prepared on the basis that the Diakyne Tracesmart technology is "an asset held for sale".
- As noted, an impairment charge of $343,049 has been taken into account in the FY 2011 Accounts.

Other Activity

- **MediVac has showcased its world leading technologies at domestic and international trade shows:**
    - The Company's new product initiatives were launched to the world market at Medica in Dusseldorf Germany. Companies from the USA, Canada, South Africa, Peru, Mexico, Turkey, Italy, France, Spain and Romania expressed strong interest in distributing the new MetaMizer in their respective territories. The new SunnyWipes medical range also attracted interest from potential distributors in Brazil, UK, Italy, Holland, Poland Norway, Belgium and India.

MediVac stand in the Australian Pavilion at Medica Dusseldorf November 2010

- MediVac Technology sponsored the Australian Hospital Waste Management Conference showcasing the new MetaMizer 240 SSS and the Ozonator.
- SunnyWipes participated in the Australian Infection Control Association Exhibition in Perth.

- **MediVac has received increased market exposure and PR:**

    - The Company has received increased market exposure through several independent research reports, various media interviews, publications and forums.

    - The Company received positive feedback from investor road shows in Sydney & Melbourne.

    - MediVac received positive feedback about the Company's products and future prospects, following an investor road show in the USA. Executive Chairman Paul McPherson met with and formally presented MediVac's credentials to more than 100 stockbrokers, fund managers, institutional investors, high net worth investors, family company managers etc in New York, Philadelphia, Orlando, West Palm Beach and Boca Raton.

- **MediVac strengthened its Board and Management capabilities**:

    - The Hon. Reba Meagher and Helen Owens were appointed as Non Executive Directors of the Company effective February 1, 2011, bringing strong healthcare and government experience.

    - The Company appointed Vishal Khanna as Finance Manager and Paul Cross as Business Development Manager.

More Recent Events (since June 30, 2011):

Since June 30, 2011, the Company has announced the following successful initiatives:

- SunnyWipes Pty Ltd has appointed Critical Dental as its exclusive partner in the Australian dental market for its professional range of Antimicrobial Hand Sanitising Gels and General Virucidal & Antimicrobial Workplace Wipes. Critical Dental is a leading distributor of equipment and consumables within the Australian dental market.

- Rigorous in-house testing of the new MetaMizer 240 SSS has been completed. Results have exceeded expectations, including faster throughput, higher capacity and ability to treat alternative feedstock (e.g. quarantine, food waste etc.). This increases the market potential within healthcare – higher volume potential – and expands the market potential outside healthcare.

- Further large scale testing in a simulated production environment is currently underway.

- Sterilisation testing has also been completed, which confirms targets are being achieved.

Medivac Limited (the "Company") and the Board are committed to achieving and demonstrating the highest standards of corporate governance, consistent with the size and nature of the Company. This statement outlines the main corporate governance practices in place throughout the financial year.

The ASX Corporate Governance Council released revised Corporate Governance Principles and Recommendations on 2 August 2007, and further amendments in June 2010 and this Statement complies with those revised principles.

Having regard to the size of the Company and the nature of its enterprise, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as appropriate.

CHARTER FOR THE BOARD OF DIRECTORS

An important and basic corporate governance policy is the Charter for the Board of Directors which is reviewed annually. The Charter deals with all of the ASX principles of good corporate governance.

The Charter, as supported by the Director's Code of Conduct detailed at Principle 3, sets out the following requirements:

- The role of the Board;
- The Board structure;
- The skills required on the Board; and
- The Director's general roles.

The relevant references in the Charter are noted under each of the principles listed below.

ASX CORPORATE GOVERNANCE PRINCIPLES

The following is a summary of the 8 Corporate Governance Principles including comments where applicable on the Recommendations, and extracts from the policies adopted by the Company which demonstrate how compliance has been achieved.

PRINCIPLE 1: Lay solid foundations for management and oversight

Operations of the Board
The Board of Directors of the Company is responsible for all aspects of the management of the consolidated entity. The Board guides and monitors the businesses and affairs of the Company on behalf of the Security Holders and is committed to achieving and demonstrating the highest suitable standards of corporate governance commensurate with the size of the Company and the nature of the business. The principal functions, responsibilities and performance review requirements of the Board and the Chief Executive Officer / Executive Chairman ("CEO") are detailed in the Charter for the Board of Directors. The Executive Chairman reviews the performance of the Board on an annual basis.

Board responsibilities
As the Board acts on behalf of the Security Holders and is accountable to them, the Board seeks to satisfy the financial and management expectations of the Security Holders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board appoints a CEO and the responsibility for the operation and administration of the Company is delegated to that person and the Executive team. The Board has in place proper procedures to assess the performance of the CEO and the Executive team and to ensure that the Executive team is appropriately qualified and experienced to discharge its responsibilities.

The Board is responsible for ensuring that management's objectives, activities and outcomes are aligned to the expectations, vision and business risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including receipt of detailed reports, and regular personal presentations to the Board by department heads and other senior executives which allows the Board to discuss relevant matters with those individuals and to ask questions on their performance, problems and issues.

Board policies
Board policies or obligations have been established in the following areas:

- diversity;
- continuous disclosure;
- dealing in securities;
- related party dealings;
- conflict of interest and external advice;
- release of information;
- significant business risks; and
- ethical standards.

Diversity
The Board has always been aware of the advantages that may flow from diversity in respect to gender, age, ethnicity and cultural background and has taken those factors into account when considering new appointments at all levels within the Company. At present there are two female Directors, one mature age employee and three employees of differing ethnic background in the Company out of an aggregate of 12 including Directors, management, other employees and contractors.

The Board adopted a Diversity Policy on 4 May 2011 which is provided in full below. In addition the Board also adopted a Diversity Strategy which includes measurable objectives for achieving cultural, gender and age diversity, and the progress in achieving the objectives will be reported in each Annual Report to shareholders, commencing with the 2012 financial year.

Diversity Policy
The Diversity Policy adopted by the Board on 4 May 2011 is as follows:

DIVERSITY POLICY

1. General Purposes and Principle

(a) The Group respects and values the competitive advantage of "Diversity", and the benefits of its integration throughout the Group, in order to enrich the Group's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Group's objectives ('Principle").

(b) This Principle will manifest itself in the following areas:

(i) strategic and operational:

(A) being attuned to diverse strategies to deliver the Group's objectives;

(B) being attuned to diverse corporate, business and market opportunities; and

(C) being attuned to diverse tactics and means to achieve those strategies in (A) and to take advantage of those opportunities in (B).

(ii) management:

(A) adding to, nurturing and developing the collective relevant skills, and diverse experience and attributes of personnel within the Group;

(B) ensuring the Group's culture and management systems are aligned with and promote the attainment of the Principle, including having regard for domestic responsibilities.

Note: in the context of this paragraph 1(b)(ii) "Diversity" constitutes people at relevant levels within the Group (including board, senior executive, management and otherwise) with a diverse blend of skills, experiences, perspectives, styles and attributes gained from life's journey, including on account of their culture, gender, age or otherwise.

(c) The Group will develop strategies, initiatives and programs to promote the Principle, including the achievement of gender diversity with respect to the matters referred to in paragraph 1(b)(ii).

(d) In particular, the Group will set measurable objectives, and targets or key performance indicators (KPIs), for the strategies, initiatives and programs to achieve gender diversity with respect to the matters referred to in paragraph 1(b)(ii).

(e) The Group will implement the strategies, initiatives, programs and measurable objectives referred to in (c) and (d).

(f) Management will monitor, review and report to the Board (including via the Nomination and Remuneration Committee) on the achievement of gender diversity with respect to the matters referred to in paragraph 1(b)(ii), and the Group's progress under this policy.

2. Responsibility for the Policy

(a) Although the Board retains ultimate accountability for this Policy, the Board has delegated responsibility for Policy implementation to the CEO.

(b) In turn the CEO has delegated to the Company Secretary responsibility for administration of this Policy (including its reporting to the Board, or its relevant sub-committee, as appropriate.

3. Measurable Objectives, targets and Key Performance Indicators (KPIs) - Gender Diversity

With respect to gender diversity, management will:

(a) develop, for approval by the Board or its relevant sub-committee, as appropriate:
- (i) measurable objectives concerning the strategies, initiatives and programs referred to in paragraph 1(c);
- (ii) targets or KPIs to verify progress towards attainment of those measurable objectives.

(b) measure performance against those targets and KPIs;

(c) report from time to time on the progress of the matters referred to in (a) and (b).

4. Compliance Requirements

(a) The Group will meet its obligations with respect to the issue of "Diversity", as may be required under the ASX Corporate Governance Principles and Recommendations (2nd Edition) ("ASX Principles") and other regulatory requirements (if any) including by:
- (i) establishing this Policy as a compliant policy under ASX Guideline 3.2(a) by:
  - (A) establishing measurable objectives for achieving gender diversity;
  - (B) the Board assessing annually the measurable objectives for achieving gender diversity and the progress in achieving them.
- (ii) disclosing this policy or a summary of it under ASX Guideline 3.2 (b);
- (iii) in its annual report, and in the terms of ASX Guideline 2.4, disclosing the processes the Board adopts and the criteria the Board takes into consideration in its selection of

prospective new Board members;

(iv) in its annual report, and in the terms of ASX Principles 3.3 and 3.4, disclosing:

(A) the measurable objectives for achieving gender diversity set by the Board in the terms of this Policy;

(B) the progress from time to time towards achieving them;

(C) the proportions in the Group (relative to their male counterparts) of:

- female employees;
- females in senior executive positions;
- females on the Board.

(v) incorporating in the corporate governance statement in the Group's annual report a statement as to the mix of skills and diversity that the Board is looking to achieve in membership of the Board, in the terms of ASX Guideline 2.6.

(b) The Company Secretary will assume line responsibility to ensure the Group meets its compliance and reporting obligations referred to in (a), including by collecting and collating all relevant data and ensuring that management processes and systems are adequate and effective for such reporting obligations to be met.

5. Communication

The Group commits to the communication of this policy within the Group and to its shareholders and the market, including via its website:

(i) by way of transparency and accountability; and

(ii) to better promote the prospects of attainment of the Principle.

6. Accountability

(a) Reporting and accountability in the terms of this Policy will be a periodic item on the Board agenda.

(b) At least annually the Nomination and Remuneration Committee will report to the Board on progress towards attainment of the Principle with respect to the matters referred to in paragraph 1(b)(ii), and otherwise to facilitate the Board in meeting its Compliance requirements under paragraph 4.

7. Addenda to this Policy

The following shall constitute addenda to this Policy as if set out in this Policy:

(a) approved strategies, initiatives and programs and measurable objectives, targets and KPIs referred to in paragraph 1(c); and

(b) approved measurable objectives, targets and KPIs referred to in paragraph 1(d);
as may apply from time to time.

8. Overriding Caveat

Nothing in this policy shall be taken, interpreted or construed so as to endorse:

(a) the principal criteria for selection and promotion of people to work within the Group, other than their overall relative prospect of adding value to the Group and enhancing the probability of achievement of the Group's objectives;

(b) any discriminatory behaviour by or within the Group contrary to the law, or any applicable codes of conduct or behaviour for the Group or its personnel;

(c) any existing person within the Group in any way feeling threatened or prejudiced by this policy in their career development or otherwise, merely because of their Diversity attributes at any time may be more, rather than less, common with others.

Diversity Strategy
The Diversity Strategy lists the strategies, initiatives and programs, measurable objectives, targets and KPIs adopted by the Board on 4 May 2011 for the Group. Many of the strategies, initiatives and programs have already been achieved or put in place necessitating amendments to the Charter for the Board of Directors and to the Charter for the Nomination & Remuneration Committee. The amended Charters may be viewed on the Company's web site.

The Strategy includes initiatives and programs designed to foster Diversity at Board level, at executive and management level and generally, commensurate with the nature and size of the Group. Progress with achievement of the Diversity Strategy will be reviewed by the Nomination & Remuneration Committee on an annual basis and the result reported to the Board. Progress will also be reported each year in the Directors' Report section of the Annual Report.

The role of the Chairman
The role of the Chairman is clearly defined in the Charter for the Board of Directors. In summary, the Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with shareholders and with the Company's senior executives. The Chairman formally reviews the performance of the Board and the individual Directors on an annual basis.

The role of the CEO
The role of the CEO is also clearly defined in the Charter for the Board of Directors. In summary, the CEO is responsible for implementing the Company strategies and policies, achieving the Company objectives and managing the business of the Company. The CEO reviews the performance of his senior executives on an annual basis.

Until a permanent CEO is appointed, the Company's Executive Chairman (Paul McPherson) currently undertakes the role of CEO on a contract basis, in addition to his Chairman's role. Whilst this is not meant to be a longer term position, the Company believes this is a prudent decision in the current environment from both a cost and efficiency perspective.

Board committees
Establishment of Board committees is commensurate with the size of the Company as set out in each relevant Principle below. Detailed Terms of Reference or Charters have been adopted for each committee. If a specific committee has not been formed the relevant Terms of Reference or Charters have still been adopted however the responsibilities are handled directly be the Board. Details of the experience, expertise and qualifications of the committee members are set out on page 40 and the number of meetings held and attendances is set out on page 44. Summaries of the responsibilities and membership of the committees is provided at each relevant Principle.

Governance
In view of the small size of the Company, the duty of governance is handled by the full Board and dealt with in accordance with the Charter for the Board of Directors and the Directors' Code of Conduct.

Nomination
The duty of Nomination is handled by the Nomination & Remuneration Committee and dealt with in accordance with the Charter for the Board of Directors and the Diversity Policy.

Non Board Committee
The Company has an established Scientific Advisory Committee ("SAC") comprising a group of eminent, internationally recognised scientists, established to review the Company's scientific endeavours, direction and research programs and advise the Board on how those scientific

programs are progressing to time lines, milestones and budget and on any related issues.

The SAC will also assist in the evaluation of any IP that may be under consideration by management. This will include but not be limited to the evaluation of the science, technical fit with the Company's existing IP and ease of integration. At the date of this Statement, the members are John Staton and Paul Priscott. The SAC meets on a regular basis consistent with the requirements of the Company's projects.

Letters of Appointment and Employment Agreements
The functions, responsibilities, remuneration and terms of each Directors appointment are detailed in individual Letters of Appointment as are the same for Senior Executives in individual Employment Agreements all prepared in accordance with the guidelines included in the Charter for the Board of Directors.

PRINCIPLE 2: Structure the Board to add value

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three and no more than 10 Directors (determined by the Constitution), at least two of the Directors shall ordinarily reside in Australia and at least two of the Directors should be female.
- The Chairman should preferably be an Independent Director.
- The Board shall comprise Directors with a diverse and appropriate range of qualifications and expertise and in the event of retirement of a Director with particular expertise, the Board, with the assistance of the Nomination & Remuneration Committee, will seek to appoint a Director with the skills, experience and diversity attributes required to balance the needs of the Board in the operations of the Company, in accordance with the Diversity Strategy adopted by the Board.
- The Board shall meet monthly unless otherwise agreed by the Directors and follow meeting guidelines established to ensure that all Directors are made aware of, and have available all necessary information in a timely manner, to participate in an informed discussion of all agenda items.
- The Directors of the Company are elected at a General Meeting

The Directors in office at the date of this statement are:

- **Executive Chairman**
  - Paul David McPherson
- **Executive Director**
  - Peter Lawrence Steve
- **Independent Non Executive Directors**
  - John Richard Evans
  - The Hon. Reba Page Meagher
  - Helen Jean Owens

Details of the Directors in office at the date of this report and during the year together with their experience, expertise and qualifications are set out on page 40.

The Board maintains strict protocols to ensure that any potential or actual conflicts of interest and duty are properly identified and managed, to ensure Directors act in accordance with their fiduciary responsibilities.

Independent Directors are independent of management, do not have a substantial shareholding (i.e. less than 5%) and are free from any business or other relationship which could materially interfere with the exercise of their judgement. The commentary provided by the ASX Corporate Governance Principles and Guidelines has been considered when evaluating the independence of the Directors concerned.

Non-Executive Directors are independent of management but either have or control a substantial shareholding in the Company, i.e. 5% or more. At the date of this Report there are no Directors classified as Non-Executive.

As mentioned above in Principle 1, until a permanent CEO is appointed, the Company's Executive Chairman currently also undertakes the role of CEO.

The Director's Code of Conduct detailed in Principle 3 includes an acknowledgement that Directors may obtain independent legal advice if required in order to discharge their duties properly.

PRINCIPLE 3: Promote ethical and responsible decision-making

The Charter for the Board of Directors deals with this issue in respect to Directors, the senior executives, staff and consultants of the Company.

The Board has adopted a Directors' Code of Conduct which clarifies the standards of ethical behaviour required of the Directors and is relevant to several of the ASX Corporate Governance Principles. The following is a summary:

Directors' Code of Conduct Overview

The Code of Conduct outlines the principles and standards Directors are required to abide by, and governs the way in which each of the Directors should conduct themselves in the discharge of their duties. This Code of Conduct should operate in addition to relevant laws that are in force from time to time and also in conjunction with all other Board Governance Policies.

1. Directors must act honestly, in good faith and in the best interests of the Company as a whole at all times.
2. Directors have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. Directors must always use the powers of the office for a proper purpose.
4. Directors must recognise that their primary responsibility is to the Company's members as a whole but must, where appropriate, have regard for the interests of all stakeholders of the Company.
5. Directors must not make improper use of information acquired as a Director.
6. Directors must not allow personal interests, or the interests of any Associated Person, to conflict with the interests of the Company.
7. Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
8. Confidential information received by a Director in the course of the exercise of Directors' duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or required by law.
9. Directors should not engage in conduct likely to bring discredit upon the Company.
10. Directors have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

The Charter for the Board of Directors includes detailed guidelines for interpretation of the principles of the Code of Conduct

Charter for the Board of Directors

The Charter for the Board of Directors is structured to promote ethical and responsible decision-making throughout the Company. All Directors, executives, employees and consultants of the Company are expected to act with integrity and objectivity, to maintain appropriate ethical standards and have the following duties and responsibilities:

- to act honestly, fairly and without prejudice in all commercial dealings and to conduct business with professional courtesy and integrity;
- to work in a safe, healthy and efficient manner, using their skills, time and experience to the maximum of their ability;
- to comply with applicable awards, Company policies and job requirements;
- not to knowingly make any misleading statements to any person or to be a party to any improper practice in relation to dealings with or by the Company;
- to ensure that the Company's resources and property are used properly;
- not to disclose information or documents relating to the Company or its business, other than as required by law and the ASX Listing Rules and not to misuse any information about the Company or any other members of the consolidated entity.

Trading in Company Securities

The Board has adopted a Directors and Officers Share Trading Policy which applies to all Directors, officers, senior management and other employees of the Company ("Officers") and supports this Principle through its provisions against insider trading and market manipulation. The full policy is available on the Company's web site and in summary the trading restrictions are:

<u>Inside Information</u>

If an Officer has Inside Information (as defined in the policy) relating to the Company it is illegal for the Officer to:

(a) deal in (that is, apply for, acquire or dispose of) the Securities or enter into an agreement to do so; or

(b) procure another person to apply for, acquire or dispose of the Securities or enter into an agreement to do so; or

(c) directly or indirectly communicate, or cause to be communicated, that information to any other person if the Designated Person knows, or ought reasonably to know, that the person would or would be likely to use the information to engage in the activities specified in paragraphs (a) or (b) above.

Officers may only deal in the Company's securities if they first obtain approval to do so and the Policy includes a procedure to obtain approval.

<u>Prohibition Time Periods</u>

All Officers who have prior knowledge of Inside Information, which will be the subject of a public announcement by the Company including half year and full year financial results, AGM Notice of Meeting and other information the subject of ASX continuous disclosure obligations, are prohibited from trading in any Securities except during a 30 working day window commencing on the second day following the announcement or announcements that disclose to the ASX, and or directly to the public, all that Inside Information, on which the ASX conducts its normal trading operations.

Black Out Period
Officers are not permitted to buy or sell the Company's shares from December 31 each year until after the half yearly results announcement is made to the market and from June 30 each year until after the announcement of the full year's results to the market or during the period commencing 4 weeks prior to the conclusion of any AGM of the Company.

Financial Products
Officers are not permitted to deal at any time in financial products without the prior approval of the Board, such as options, warrants, futures or other financial products issued over the Securities by third parties including banks and other institutions. An exception may apply where the Securities form a component of a listed portfolio or index product.

Excluded Trading
Certain types of share trading transactions which are beyond the control of the Officer or result in no change to the beneficial holding of the Officer, are excluded from the restrictions imposed by the trading policy.

PRINCIPLE 4: Safeguard integrity in financial reporting

The Audit and Risk Committee is charged with safeguarding the integrity of the Company's financial reporting by advising on and supervising internal controls and appropriate ethical standards for the financial and operational management and risk management of the Company. The committee also confirms the quality and reliability of the financial information prepared. The Company has adopted a detailed Charter for the Audit and Risk Committee.

The Charter for the Board of Directors sets out the membership and responsibilities of the Committee as follows.

The Audit and Risk Committee will comprise at least two independent directors one of whom will chair the meetings and should not contain any executive directors. The Committee responsibilities are:

- to review the adequacy of systems and standards of internal control with emphasis on risk management, financial reporting procedures and compliance;
- to review proposed announcements of financial results, financial statements, management questionnaires and external audit reports in advance of the Board;
- to receive any information it requires from management;
- to report its findings and recommendations directly to the Board;
- to provide a direct link from the Board to the external auditor, the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review;
- to assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review; and
- to provide advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

At the date of this statement, the members of the committee are;

John Evans – Chairman
Reba Meagher
Helen Owens

Details of the qualifications and experience of the Committee members is set out on page 40-42.

The Chairman of the Audit and Risk Committee meets separately with the auditors as required from time to time to discuss the audit reviews and reports, to ensure that there are no outstanding issues and to assess the auditor's continuing independence.

The Company Auditor is invited to attend the Annual General Meeting and be available to answer any questions the Shareholders may care to ask in respect to the financial statements of the Company. The Company has not yet adopted formal procedures for the selection, appointment and rotation of external auditors.

Each year the CEO and the Finance Manager will provide a statement to the Board in writing in respect to the integrity of the financial statements and the efficient and effective operation of the risk management and internal compliance and control systems.

Each year the CEO and the Finance Manager will provide a statement to the Board (see the Directors' Report) 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 the relevant accounting standards. The statement also confirms that the assurance is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

PRINCIPLE 5: Make timely and balanced disclosure

The Board has always been very conscious of its continuous and periodic disclosure obligations as set out in ASX Listing Rules 3 and 4 and has ensured that the requirements of those listing rules have been met at all times. The standard Board meeting agenda includes a review of past, current and forthcoming events and results to determine if there is information that should be disclosed in accordance with the Company's Continuous and Periodic Disclosure Policy. The Company's Continuous and Periodic Disclosure Policy is reinforced in the Charter for the Board of Directors. The policy is as follows:

Policy
That the Company will do all things necessary to ensure compliance with Listing Rules 3 and 4 and to follow the guidelines and best practice recommendations as set out in Principle 5 where, in the opinion of the Board, those guidelines and recommendations are appropriate to the Company.

Policy Objectives

1. To establish a vetting and authorisation process designed to ensure that Company announcements:
    - are made in a timely manner;
    - are factual;
    - do not omit material information; and
    - are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

2. To establish a process to promote understanding of compliance within the Company.

3. To safeguard the confidentiality of corporate information to avoid premature disclosure.

In respect to Periodic Disclosure, the Listing Rules and guidelines require that the Board will ensure that the Security Holders and the market are periodically provided with all information necessary to assess the performance of the Company and the Directors.

Information to allow investors to monitor the performance of the Company is communicated by means of:

- the Annual Report which is available for distribution to all Security Holders;
- the Half-Yearly Report which is available for distribution to all Security Holders;
- periodic reports and special reports when matters of material interest arise;
- the Annual General Meeting and other meetings called to obtain approval of any Board action as required; and
- the Company website.

Responsibility
All Directors and the Company Secretary are responsible to ensure that the Company's continuous and periodic disclosure policy is adhered to.

The CEO works with the Directors and the Company Secretary in respect to dealing with media contact and any external communications, such as analyst briefings.

PRINCIPLE 6: Respect the rights of Shareholders

The Charter for the Board of Directors and the Director's Code of Conduct detailed at the beginning of this statement and the Directors and Officers Share Trading Policy detailed at Principle 3, all recognise legal and other obligations and support the legitimate interests of all stakeholders.

Fundamental to the rights of shareholders is an effective communication system utilising the methods detailed in Principle 5 and the Company web site. It is very important to ensure a clear and balanced understanding of the aims and objectives of the Company and the progress being made towards them, is readily determinable by interested parties.

The full text of Notices of Meetings and any Explanatory Memorandums plus any other relevant announcements made to the market, and information provided to analysts, is placed on the Company web site immediately following release to the ASX.

PRINCIPLE 7: Recognise and manage risk

The Audit and Risk Committee Charter requires the Committee to:

- ensure the Company's risk management policies and procedures are adequate;
- monitor compliance with the Company's risk management policies and procedures;
- keep itself apprised of the latest developments, policies and trends in relation to financial matters, rules and regulations to the extent that they may affect the Company or the market(s) in which the Company operates;
- oversee the establishment and implementation of a risk management system and review (at least annually) the effectiveness of the Company's implementation of that system;
- review the Company's internal financial control mechanisms and risk management policies;
- compile a risk profile of the material risks (including financial and non-financial matters) facing the Company;

- establish and implement a system for identifying, assessing, monitoring and managing material risk throughout the Company;
- review major non-financial regulatory matters through the use of a compliance monitoring reporting regime which covers the following areas of exposure:
  - environment;
  - safety and health;
  - asset protection (including insurance);
  - trade practices;
  - discrimination and harassment;
  - conflict of interest; and
  - ethical standards.

Each year the CEO and the Finance Manager will provide a statement to the Board in writing in respect to the integrity of the financial statements and the efficient and effective operation of the risk management and internal compliance and control systems.

PRINCIPLE 8: Remunerate fairly and responsibly

The Board has established a Nomination and Remuneration Committee and adopted a suitable Charter. The Charter details the procedures for the nomination of new Directors and the review and establishment of remuneration packages and policies related to the Non-executive Directors, the Executive Chairman and senior executives of the Company. The Board ensures that the remuneration policies and practices are consistent with the Company's strategic goals and human resource objectives. The Board reviews annually the performance of the CEO against the agreed parameters and KPIs.

At the date of this statement, the members of the Committee are:
Reba Meagher - Chair
John Evans
Helen Owens

The Charter includes the following:

- Objectives;
- Composition;
- Meetings;
- Access; and
- Duties & responsibilities including:
  - recommendations for the appointment or removal of directors;
  - assessment of necessary and desirable competencies including diversity attributes;
  - review succession plans;
  - evaluation of Board performance;
  - advice on Director's remuneration;
  - advice on CEO's remuneration;
  - advice on senior management remuneration;
  - employment packaging;
  - staff policy and procedures;
  - reporting; and
  - remuneration reviews.

Directors' Remuneration
If an Executive Director is appointed, suitable remuneration will be approved by the Board. The Non-executive Directors are paid Director's fees by the Company which may be in the form of a cash payment to the Director, cash conditional upon the purchase of shares in the Company or the issue of Options to acquire shares (options are subject to Shareholder approval). Proper expenses incurred in the course of the Company's operations are reimbursed. The maximum aggregate amount of Non-Executive Director's fees must be approved by the Company in a General Meeting.

The Remuneration Report included in the Directors' Report details the remuneration policies of the Company.

Company Web Site

This Statement of Corporate Governance is available in the Corporate Governance section of the Company website www.medivac.com.au.

Governance and policy reviews

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

Your directors present their report on MediVac Limited (the "Company" or "MediVac") and its controlled entities (the "Economic Entity" or "Group") for the financial year ended 30 June 2011 (the "Period")

1. General Information

(a) Directors

The names of each person who was a director during or since the end of the financial year are:

Paul McPherson	Executive Chairman
John Evans	Independent Non Executive Director
Reba Meagher	Independent Non Executive Director (appointed 1 February 2011)
Helen Owens	Independent Non Executive Director (appointed 1 February 2011)
Peter Steve	Executive Director
Stephen Copulos	Non Executive Director (resigned 1 February 2011)

(b) Principal Activities

MediVac Limited has three subsidiaries in the healthcare industry.

Medivac Technology Pty Ltd is a healthcare technology company that delivers an integrated best practice solution to the handling and remediation of clinical waste, resulting in lower costs, improved infection control and environmental benefits.

SunnyWipes Pty Ltd provides a more natural eco friendly range of hard surface wipes and hand sanitising solutions to improve infection control & disinfection. Key target markets are the professional medical, industrial and consumer markets.

Diakyne Pty Ltd's key product, TraceSmart, is a novel diagnostic and research tool for use in the analysis of the elemental composition of fluids. Upon commercialisation, it will be able to analyse trace elements in body fluids such as blood and urine as an indicator of disease states. The Board of directors has decided to sell this business unit and therefore all assets and liabilities for this business unit are classified as assets/liabilities held for sale.

2. Business Review

The Economic Entity's operations during the year included:

- Completion of MediVac Limited's two key development activities:
    - New MetaMizer 240 SSS clinical waste converter, and
    - SunnyWipes professional range of natural based antimicrobial hand sanitisers and antimicrobial and general virucidal wipes
- Acceleration of the commercialisation efforts of MediVac Limited with a stronger focus on sales, particularly in export markets.
- Marketing the MetaMizer and SunnyWipes ranges to public and private hospitals in Australia and to potential overseas customers, alliance partners and distributors using the Company's in-house sales resources.
- Design and assembly of MetaMizer devices at the Company's premises and maintenance by the Company's employees of MetaMizer devices deployed to customers' premises.

- Completion of research & development work, together with successful efficacy, safety and stability testing for the new SunnyWipes Antimicrobial Hand Rub, leveraging SunnyWipes unique intellectual property.
- Development work with SunnyWipes manufacturing partners to optimise production costs and efficiencies.
- Corporate administration.

The results of the Economic Entity's operations during the Period included:

- A loss of $2,321,574 (2010:$2,529,505 loss) was recorded in the period, an 8% improvement on the previous period.
- The above loss included an impairment charge of $343,049 (2010: NIL) against the carrying value of goodwill in the Diakyne subsidiary.
- Operating loss from continuing operations of $1,965,066 (2010:$2,487,057 loss) for the period was an improvement of 21% compared to the previous period through a rigorous focus on cost reduction and containment, whilst still investing to complete its two core development initiatives.
- Debt was reduced by $657,670 during the reporting period.
- Net equity was increased by $316,900 to $5,418,692.
- No interim dividend has been or will be declared.

Capital management activities included:

- In a tight global economic and trading environment, the Company was successful in raising $2,638,474 (after costs) from existing shareholders, sophisticated investors and institutions to fund the Company's key commercialisation activities - the new MetaMizer MM 240 SSS clinical waste converter and SunnyWipes professional range of natural based antimicrobial hand sanitisers and antimicrobial and general virucidal wipes.
- This was supported by borrowings of $450,000, detailed as below:
  - $250,000 was raised through a Convertible Note agreement with a US based institutional investor – this has since been converted in full into ordinary shares in the Company.
  - $200,000 was raised through a short term loan from an entity associated with major shareholder, the Copulos Group – this was repaid in full in cash during the reporting period.
- The Company maintained a rigorous focus on cost reduction and cost containment.
- During the year the Company closed its Melbourne Office and consolidated all operations into new premises at Kings Park in Sydney. The new premises has ample capacity for increased output and assembly capability for the new MetaMIzer 240SSS.

- Debt was reduced by $657,670 during the reporting period.
- The Board has proposed a share consolidation and will seek shareholder approval at its forthcoming Annual General Meeting.
- Following almost universal recommendations from prospective US investors, the Company will also investigate the possibility of its shares being quoted on the US OTC QX exchange. The OTC QX market provides a cost effective means for increased visibility and exposure to US institutional and retail investors, facilitating investment in MediVac. It also creates liquidity and diversifies the Company's shareholder base, and has the potential to increase both Australian and global trading volume and value.

3. Significant Changes in State of Affairs

The Company believes it prudent to seek an outright sale of the TraceSmart technology and will commence this work immediately. As a result, the financial year 2011 financial statements have been prepared on the basis that the Diakyne Tracesmart technology is "an asset held for sale". An impairment charge of $343,049 has been recognised during the period.

4. Matters subsequent to the end of the Financial Year

- MediVac has finalised negotiations for more accessible long-term funding. The new funding agreement with USA-based La Jolla Cove Investors Inc. provides for an investment in MediVac of up to four convertible notes, if needed , each with a purchase price of $2 million, capable of being drawn down in guaranteed monthly sums of $200,000, or higher sums at the discretion of La Jolla. The unsecured funding has a low coupon rate of 4.75% and is not a revolving equity type facility, nor one involving the issue of options. The issue of the third and fourth note will be at the discretion of MediVac. In certain circumstances, MediVac may elect to force conversion of any outstanding principal into ordinary shares in the Company.
- Debt has been reduced by a further $324,767 since the end of the reporting period.
- 220,779,412 ordinary shares have been issued since the end of the reporting period.
- No options have been issued since the end of the reporting period.

5. Future Developments

During the forthcoming financial year, the Economic Entity expects to:

- Secure the significant export order for the new MetaMizer MM 240 SSS with CME Medical and the Sri Lanka government.
- Achieve other significant MetaMizer sales, both in Australia and in export markets.
- Build assembly capability and inventories for the new MetaMizer.
- Build inventory for the rollout of SunnyWipes into professional channels and secure listing for its products in the key State Hospital Public Health systems.
- Identify and appoint further key international partners for both the MetaMizer and SunnyWipes.
- Achieve TGA listing for SunnyWipes new Antimicrobial Hand Rub.
- Complete a trade sale of the Diakyne TraceSmart technology.

With the majority of our development work completed and secured funding in place, the Company's focus will be to convert this investment and effort into sales.

Financial year 2012 promises to be an exciting year in the evolution of MediVac Limited. We are excited with the demand for our products and we will now be concentrating on building assembling capability and inventories to meet market demand.

6. Environmental Issues

The Economic Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. In some states of Australia, the use by healthcare institutions of MediVac Limited's MetaMizer clinical waste conversion devices is subject to environmental regulation under a law of the State or Territory in which the health care institution is located.

7. Dividends

The Directors do not recommend a dividend payment. The Economic Entity did not pay any dividends during the Period.

8. **Director Information**

a. The directors in office are:

Paul McPherson B.Com., LLB, FAICD (Executive Chairman)

Mr. McPherson was appointed as a Non Executive Director of the Company by the Board on August 14, 2006.

Mr. McPherson brings extensive experience in senior strategy development and implementation roles – Marketing, Sales, Commercial and General Management – with blue chip corporations such as Mars Inc, Bowater, Inchcape & Arnott's. He has had hands on experience in Australia / New Zealand, Europe, Japan, and Asian markets.

Mr. McPherson has run his own consultancy practice – PDM Solutions Pty Ltd – which specialises in assignments in strategy formulation and planning, Board effectiveness, business alignment and performance management. He has undertaken major consulting and facilitation projects in Australia, Japan & Asia Pacific.

Mr. McPherson has worked and consulted in a diverse range of industries including food / non-food FMCG, wine / liquor, consumer electronics, importing / exporting and facilities management.

Mr. McPherson holds a Bachelor of Laws and a Bachelor of Commerce (Accounting, Finance & Systems) from the University of New South Wales and has also completed the AICD Company Directors' course.

Mr. McPherson is a fellow of the Australian Institute of Company Directors (FAICD).

Mr. McPherson has not held any other listed Company directorships in the past three years.

As at the date of this report Mr. McPherson held 17,000,000 ordinary shares in Medivac Limited as well as 15,500,000 options.

John Evans B.Com (Hons), FCA CPA MAICD (Independent Non Executive Director)

Mr. Evans joined the Board of MediVac Limited on December 3, 2007.

Mr. Evans is a qualified Chartered Accountant and currently the principal of a Business Advisory practice. Mr. Evans advises a range of businesses in both the SME sector and larger corporate clients, on matters such as strategic planning, marketing, governance, and financial analysis. Prior to this, Mr. Evans held a series of positions in Finance and General Management over a 15 year period, across a wide range of industries including telecommunications, banking and insurance, superannuation and funds management, media, hospitality, and property development.

Mr. Evans approach to advising businesses balances the need for practical, achievable solutions with the need to always keep in sight the overall strategic objective. Mr. Evans is a Member of the Australian Institute of Company Directors, a director of HealthLinx Limited and Chairman of Intermoco Limited, a director of several private companies and one not-for-profit organisation, and provides Board consulting services to three other company groups.

Mr. Evans is Chairman of the Audit & Risk Committee, and a member of the Nomination & Remuneration Committee.

Apart from Healthlinx Limited and Intermoco Limited, Mr. Evans has not held any other listed Company directorships in the past three years.

As at the date of this report Mr. Evans held 6,585,497 ordinary shares in Medivac Limited as well as 2,500,000 options.

The Hon. Reba Meagher BA MLLR GAICD (Independent Non Executive Director)

Ms Meagher joined the Board of MediVac Limited on February 1, 2011 and was appointed as Chair of the Nomination & Remuneration Committee and a member of the Audit & Risk Committee from February 21, 2011.

Ms Meagher is currently the Chief Executive Officer of the Sisters of Charity Foundation. The Foundation's purpose is to support works and programs that benefit the poor and marginalised in the community. Ms Meagher was a Member of the NSW Parliament from 1994-2008 and served as a Cabinet Minister for more than five years. She ran several portfolios including Health, Community Services, Aboriginal Affairs, Fair Trading and Commerce.

Ms Meagher has a Bachelor of Arts and a Masters of Labour Law and Relations from the University of Sydney and was recently awarded the Diploma by the Australian Institute of Company Directors.

Ms Meagher has not held any other listed Company directorships in the past three years.

As at the date of this report Ms Meagher held 300,000 ordinary shares in Medivac Limited.

Helen Owens B.Ec (Hons) M.Ec (Independent Non Executive Director)

Ms Owens joined the Board of MediVac Limited on February 1, 2011 and was appointed as member of the Nomination & Remuneration Committee and Audit & Risk Committee from February 21, 2011.

Ms Owens is an economist with extensive experience in the health sector.

Ms Owens is currently a member of the Victorian Southern Health Network Board and the Victorian Cancer Agency. She provides health consulting services, both individually and in association with accounting firm PricewaterhouseCoopers, to a range of clients including Commonwealth and state governments.

Ms Owens' previous roles include Commissioner, Productivity Commission (1993 to 2006) and member, Commonwealth Grants Commission (2004 to 2006). In the former position she directed major national inquiries and research across many sectors of the Australian economy on behalf of the Commonwealth Government, including into Research and Development in Australia, the pharmaceuticals industry, the medical and scientific equipment industries, private health insurance, general practice, and advances in new medical technologies.

Ms Owens was expert strategic consultant to the Victorian government on national health reform for five years from 2005. Ms Owens has sat on the CSIRO Health Sector Advisory Council, Australian Health Technology Advisory Committee, Economics Sub-Committee of the PBAC, and Royal Melbourne Hospital boards.

Ms Owens is a recipient of the Centenary Medal for services to Australian Society and the Economy.

As at the date of this report Ms Owens held 300,000 ordinary shares in Medivac Limited.

Peter Steve (Executive Director)

Mr. Steve is the inventor of the SunnyWipes products and the Sunnywipes company founder. As an Executive Director of MediVac Limited and as the Research & Development Manager of SunnyWipes, Mr. Steve is responsible for ongoing research and development, IP issues and regulator/compliance matters.

Prior to founding SunnyWipes, Mr. Steve worked in meat retailing. As well as owning his own retail outlets, Mr.Steve held senior management positions in a large supermarket chain and had also been the National Training & Marketing Manager for Angliss Retail Pacific. Mr. Steve also has accreditations in Business and Training management.

Mr. Steve has not held any other listed Company directorships in the past three years.

As at the date of this report Mr. Steve owns 22,325,000 ordinary shares in Medivac Limited as well as 7,500,000 options.

Stephen Copulos (Non Executive Director, Significant Shareholder) (resigned 1st February 2011)

Mr. Copulos joined the Board of MediVac Limited on 1 June 2007.

Mr. Copulos business career has spanned 30 years, including 15 years in senior management roles. Mr. Copulos has a wide range of industry experience, including property development, investment, hospitality, fast food, retail and mining together with recent experience in the biotech industry. Stephen's management roles have included responsibility for strategic business planning, business development, sales and marketing, HR and operations management.

In addition to his directorship of MediVac, Mr. Copulos current roles include Managing Director of the Copulos Group of companies – a large and diverse business and investment group with interests throughout Australia – and Chairman of QSR Pty Ltd, the largest independent KFC franchisee in Australia.

Mr. Copulos also held the position of Managing Director of Sundowner Motor Inns Limited for five years until the successful sale of that company to a large investment management fund in early 2007. Mr. Copulos was also a Director of Helathlinx Limited from 2007 to 2010. Apart from those listed above, Mr. Copulos has not held any other listed Company directorships in the past three years.

b. Information on the Company Secretary

Mal Lucas-Smith (Company Secretary)

Mr Lucas-Smith was appointed Company Secretary of Medivac Limited on 3 December 2007. He has had over 40 years' experience in finance, executive and non executive management, property development, corporate secretarial and administrative services. During that period he spent 12 years with State Bank of New South Wales and 18 years with the property finance and the property joint venture divisions of Australian Guarantee Corporation Limited, at the time a listed subsidiary of Westpac Bank. He left AGC of his own accord in September 1987 to form a corporate services business and has since worked within and consulted to the corporate sector often assisting new start ups and existing operations proposing to list on the ASX. Mr. Lucas-Smith is a member of the Australian Institute of Company Directors (MAICD).

As at the date of this report Mr. Lucas-Smith held 3,909,090 ordinary shares in Medivac Limited as well as 2,500,000 options.

c. Information on the Scientific Advisory Committee

Dr Paul Priscott M Sc,PhD

Dr Priscott's professional life has included work in government, research and industrial laboratories, including non-sterile and sterile manufacturing operations. His main interests have been in therapeutic products, both human and animal.
For the last 17 years he has worked as a consultant microbiologist and in 1996 founded
AMS Laboratories, a Sydney based contract testing laboratory.

Dr Priscott's has been active in various committees associated with the Australian Society for Microbiology, Australian Therapeutic Goods Administration, Standards Australia and ACCORD (industry association).

He is currently national convenor for CAPSIG, a special interest group for cosmetics and pharmaceuticals professionals and was recently appointed to the Council of NATA.

Mr. John Alexander Staton M.A.I.P.(Dip). M.A.I. Ex. (Dip)

Mr. Staton is presently Commercial Director of Technical Consultancy Services Pty Ltd. (T.C.S.) and a Director of Dermatest Pty Ltd (Dermatest). T.C.S. was jointly founded by Mr. Staton and a colleague in 1990 to provide consultancy services to the pharmaceutical and allied industries. Areas of consultancy work include new product concepts, formulation and dosage form design, stability testing, regulatory affairs and marketing.

Mr. Staton is also currently a Director and 50% owner of Dermatest Pty. Ltd. which is engaged in providing an extensive range of dermatological tests for the pharmaceutical and cosmetic industries.

d. Meetings of Directors

MEDIVAC LIMITED

Company Meetings - July 2010 to June 2011

Director Name	**Directors**		**Audit & Risk**		**Nomination & Remuneration**	
	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended
Paul McPherson	12	12	-	-	-	-
Stephen Copulos	8	8	3	3	-	-
John Evans	12	12	4	4	2	2
Reba Meagher	4	4	1	1	2	2
Peter Steve	12	12	-	-	-	-
Helen Owens	4	3	1	1	2	1

9. Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not party to any such proceeding during the year.

10. Insurance of Officers

The Company's Constitution provides the Company will indemnify individual directors in relation to their activities as Directors in the circumstances as outlined in the Constitution.

During the Period, the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the Period, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

11. Remuneration Report (Audited)

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness:
- Acceptability to shareholders:
- Performance linkage/ alignment of executive compensation:
- Transparency: and
- Capital management.

In consultation with healthcare industry surveys on executive remuneration the Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders interest:

- has economic future profits as a core component of plan design:
- focuses on sustained growth in shareholder wealth, consisting of the possibility of future dividends and growth in share price, and deliverying a future return on assets as well as focusing the executive on key non-financial drivers of value: and
- attracts and retains high calibre executives.

Alignment to program participant's interests:

- rewards capability and experience:
- reflects competitive reward for contribution to growth in shareholders wealth:
- provides a clear structure for earning rewards: and
- provide recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives.

In order to directly link the remuneration of individual directors and employees to the performance of the Company, options over ordinary shares in the Company may be granted where appropriate to employees as part of their remuneration package under the terms of the MediVac Employee Option Plan.

Fees paid to Non-Executive Directors during the 2011 financial year were set at an annual rate

11. **Remuneration Report (Audited) (continued)**

of $36,000 plus an Australian Superannuation Guarantee Contribution (SGC) of $3,240 per annum (Statutory 9%) to those directors residents of Australia. The fees are paid monthly. No additional fees are paid to Directors for participation in Board committees. The Company reimburses Directors for reasonable expenses incurred in the discharge of their role as directors of the Company. Subject to prior consent of the Chairman, Directors may obtain independent professional advice at the Company's expense.

The Chairman receives $48,000 per annum plus statutory 9% superannuation. Mr. Paul McPherson was appointed Executive Chairman on 3 December 2007. Also in his capacity as CEO, he is paid an additional $15,000 per month to undertake this role.

(a) Details of Remuneration

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Medivac Limited and the Medivac Group are set out in the following tables. The key management personnel of Medivac include the Directors as listed earlier in this Report (two of whom are also Executives), the Company Secretary, and other Executives noted below.

11. **Remuneration Report (Audited) (continued)**

Remuneration for each Director & Key Management Personnel of the Consolidated Entity During the Current Year

2011	Short Term Employee Benefits Salary, Fees & Commissions $	Post-Employment Benefits Superannuation Contribution $	Share Based Payments Options $	Total $	% of Remuneration that consist of options
Directors					
Paul McPherson *	228,000	4,320	-	232,320	-
Stephen Copulos	21,000	1,890	-	22,890	-
John Evans	36,000	3,240	-	39,240	-
Peter Steve*	132,497	11,250	-	143,747	-
Reba Meagher	15,000	1,350	-	16,350	-
Helen Owens	15,000	1,350	-	16,350	-
Sub-total Director remuneration	447,497	23,400	-	470,897	-
Other Key Management Personnel					
Mal Lucas-Smith*	36,000	-	-	36,000	-
Michael Kornitschuk*	86,400	7,776	-	94,176	-
Paul Woodford*	110,092	9,908	-	120,000	-
Vishal Khanna*	39,677	3,571	-	43,248	-
Sub-total other key management personnel	272,169	21,255	-	293,424	-
Total	**719,666**	**44,655**	**-**	**764,321**	**-**

* Key Management Personnel

Remuneration of each Director of the Parent Entity during the Year was the same as shown above for Directors of the Consolidated Entity.

None of the above remuneration was performance based, and there were no options issued as part of remuneration.

11. **Remuneration Report (Audited) (continued)**

Payments to associates of Key Management Personnel.

- Paul McPherson is not paid personally in respect of the CEO aspects of his role as Executive Chairman. Payments for these services are made to PDM Solutions.

Remuneration for each Director & Key Management Personnel of the Consolidated Entity During the Prior Year

	Short Term Employee Benefits	Post-Employment Benefits	Share Based Payments	Total	% of remuneration that consists of options
2010	Salary, Fees & Commissions	Superannuation Contribution	Options		
	$	$	$	$	
Directors					
Paul McPherson *	226,666	4,200	52,500	283,366	18.5%
Stephen Copulos	36,000	3,240	8,750	47,990	18.2%
John Evans	36,000	3,240	8,750	47,990	18.2%
Nick Gatsios	30,000	2,700	8,750	41,450	21.1%
Peter Steve*	110,000	9,900	26,250	146,150	18.0%
Sub-total Director remuneration	438,666	23,280	105,000	566,946	18.5%
Other Key Management Personnel					
Mal Lucas-Smith*	36,000	-	8,750	44,750	19.5%
Michael Kornitschuk*	103,981	9,358	-	113,339	-
Paul Woodford*	110,092	9,908	-	120,000	-
Gregory Thompson*	115,000	10,350	8,750	134,100	6.5%
Sub-total other key management personnel	365,073	29,616	17,500	412,189	4.2%
TOTAL	803,739	52,896	122,500	979,135	12.5%

* Key Management Personnel

Remuneration of each Director of the Parent Entity during the Year was the same as shown above for Directors of the Consolidated Entity.

None of the above remuneration was performance based, and there were no options issued as part of remuneration.

(b) Service Agreements

The contracts for service between the company and specified executives are formalised in service agreements. The major provisions related to the agreements relating to remuneration are set out below:

11. **Remuneration Report (Audited) (continued)**

***Paul McPherson**, Executive Chairman*

Monthly agreement commenced December 2007, with associated entity PDM Solutions. Monthly fee of $15,000 is paid, inclusive of superannuation. Chairman's fees of $48,000 per annum, commencing September 1, 2009 are paid direct to Mr McPherson. The contract continues until terminated in accordance with the notice provisions. Upon termination, payment may be made in lieu of the notice period. No additional termination benefits are payable.

***Peter Steve**, Executive Director*

- Remuneration package consists of, $130,000 base increasing to $140,000 on achievement of certain milestones, and 9% superannuation. Cash bonus of up to $15,000 on achievement of specific KPI's. The contract continues until terminated in accordance with the notice provisions. Upon termination, payment may be made in lieu of the notice period. No additional termination benefits are payable.

***Michael Kornitschuk**, General Manger* (resigned February 2011)

- Remuneration package consists of, $105,000 base, $25,000 motor vehicle allowance, and 9% superannuation. Cash bonus were payable on achievement of specific KPI's. The contract continues until terminated in accordance with the notice provisions. Upon termination, payment may be made in lieu of the notice period. No additional termination benefits are payable.

Paul Woodford, *Operational Manager*

- Remuneration package consists of $110,092 base, and 9% superannuation. The contract continues until terminated in accordance with the notice provisions. Upon termination, payment may be made in lieu of the notice period. No additional termination benefits are payable.

***Vishal Khanna**, Finance Manager*

- Remuneration package consists of $90,000 base, car allowance of $20,000 and 9% superannuation. The contract continues until terminated in accordance with the notice provisions. Upon termination, payment may be made in lieu of the notice period. No additional termination benefits are payable.

(c) Issue of securities

.
There were no shares (2010: Nil) issued by virtue of the exercise of employee or other options during the Period or to the date of this report. There were no options granted to Directors and Executive Officers during the Year (2010: 35,000,000).

11. **Remuneration Report (Audited) (continued)**

Number of Options Held by Key Management Personnel at 30 June 2011

	Balance 30/06/2010	Granted as Remuneration	Options Exercised	Net Other Change**	Expired	Balance 30/06/2011	Total Vested	Total Exercisable	Total Un-Exercisable
P McPherson*	15,500,000	-	-	-	-	15,500,000	15,500,000	15,500,000	-
S Copulos	2,500,000	-	-	(2,500,000)	-	-	-	-	-
J Evans	2,500,000	-	-	-	-	2,500,000	2,500,000	2,500,000	-
P Steve*	7,500,000	-	-	-	-	7,500,000	7,500,000	7,500,000	-
M Lucas-Smith*	2,500,000	-	-	-	-	2,500,000	2,500,000	2,500,000	-
Paul Woodford*	2,500,000	-	-	-	-	2,500,000	2,500,000	2,500,000	-
Total	33,000,000	-	-	(2,500,000)	-	30,500,000	30,500,000	30,500,000	-

*Key Management Personnel
** Share options movement as result of Directors/employee resigning.

Number of Options Held by Key Management Personnel at 30 June 2010

	Balance 01/07/2009	Granted as Remuneration	Options Exercised	Net Other Change**	Expired	Balance 30/06/2010	Total Vested	Total Exercisable	Total Un-Exercisable
P McPherson*	1,000,000	15,000,000	-	-	(500,000)	15,500,000	15,500,000	15,500,000	-
S Copulos	-	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
J Evans	-	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
N Gatsios	-	2,500,000	-	(2,500,000)	-	-	-	-	-
P Steve*	-	7,500,000	-	-	-	7,500,000	7,500,000	7,500,000	-
M Lucas-Smith*	-	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
Paul Woodford*	-	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
G Thompson*	-	2,500,000	-	(2,500,000)	-	-	-	-	-
Total	1,000,000	37,500,000	-	(5,000,000)	(500,000)	33,000,000	33,000,000	33,000,000	-

*Key Management Personnel
** Share options movement as result of Directors/employee resigning.

The terms and conditions of each grant of options affecting remuneration of the consolidated entity and the parent entity in the previous, this or future reporting periods are as set out below. No amounts were paid or payable in respect of options issued.

Grant Date	Date Vested And Exercisable	Expiry Date	Exercise Price $	Value of Option At Grant Date $
29-Nov-06	29-Nov-06	30-Nov-11	0.18	NIL
08-Dec-06	08-Dec-06	15-Jul-12	0.12	NIL
26-Nov-09	26-Nov-09	30-Nov-12	0.03	0.0035

None of the above options had performance criteria attached. All of the above options vested 100% at grant date.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using Black Scholes option pricing model that takes

11. **Remuneration Report (Audited) (continued)**

into account the exercise price, the term of option, impact of option, impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for the options granted during the year ended 30 June 2010 included:

i. Options are granted for no consideration:
ii. Expected volatility has been determined by reference to the volatility of the Company's share price over the past year:
iii. The risk free interest is based on the rates of interest payable on 10 year Treasury Bonds at the date the options were granted: and
iv. It has been assumed that the Company will pay no dividend.

During the year ended 30 June 2011, no ordinary shares were issued on the exercise of options. On conversion, each option is equal to ordinary share. Options carry no dividend or voting rights, however on conversion rank equally with other ordinary shares.

This marks the end of the audited Remuneration Report.

12. Options

As at the date of this report, the unissued ordinary shares of MediVac Limited under unlisted options are as follows,

Grant Date	Expiry Date	Exercise Price $	Number under option
29 Nov-06	30-Nov -11	0.18	1,100,000
08-Dec-06	15-Jul-12	0.12	1,000,000
26-Nov-09	30-Nov-12	0.03	40,000,000
05- May-10	05- May-15	0.0076	45,000,000*
Total			87,100,000

*Medivac Limited granted 45,000,000 options over ordinary shares to Bergen Global on 05/05/2011.

13. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 118 of the Annual Report.

14. Non- Audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditors: and

- The nature of the services provided does not compromise the general principles relating to auditors independence in accordance with APES 110: Code of Ethics for Professional Accountant set by the Accounting Professional and Ethical Standard Board.

  No non-audit services were provided during year ended 30 June 2011 by the auditors.

  Signed in accordance with a resolution of the Directors:

P. D. McPherson

Paul David McPherson
Executive Chairman

Dated this 19th day of September 2011
Sydney, Australia.

FINANCIAL STATEMENTS

Financial Statements Contents | Page

The financial statements cover MediVac Limited as a consolidated entity consisting of MediVac Limited and its subsidiaries. The financial statements are presented in Australian currency.

MediVac Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

MediVac Limited
3 Binney Road,
Kings Park,
NSW 2148.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Company Overview on Pages 3 and 5-22 and in the Directors' Report on Page 39, both of which are not part of these financial report.

The financial statements were authorised for issue by the Directors on 19 September 2011. The company has the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial statements and other information are available on our website: **www.medivac.com.au**

For the Year Ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Revenue	5	191,779	201,236
Cost of goods sold		(320,047)	(191,792)
Gross Profit/ (Loss)		(128,268)	9,444
Other income	5	316,176	271,411
Employee benefits expense		(744,604)	(1,100,890)
Depreciation and amortisation	6	(106,913)	(192,833)
Impairment expense	6		(114,633)
Other expenses	7	(1,269,104)	(1,249,139)
Finance costs	35	(32,353)	(110,415)
Profit/(Loss) before income tax from continuing operations		(1,965,066)	(2,487,057)
Income tax revenue	8	-	-
Profit/(Loss) after income tax from continuing operations		(1,965,066)	(2,487,057)
(Loss) from discontinuing operations after income tax expenses		(356,508)	(42,448)
Total comprehensive income / (loss) attributable to members of the Company		(2,321,574)	(2,529,505)
Basic earnings per share (cents) from continuing operations	28	(0.141)	(0.241)
Basic earnings per share (cents)	28	(0.166)	(0.245)
Diluted earnings per share (cents) from continuing operations	28	(0.141)	(0.241)
Diluted earnings per share (cents)	28	(0.166)	(0.245)

The accompanying notes form part of the financial statements.

STATEMENT Of FINANCIAL POSITION

As at 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
CURRENT ASSETS			
Cash and cash equivalents	9	224,982	479,384
Trade and other receivables	10	310,317	258,598
Inventory	11	393,254	641,631
Assets classified as held for sale	16	2,256,531	2,612,558
TOTAL CURRENT ASSETS		**3,185,084**	**3,992,171**
NON-CURRENT ASSETS			
Property, plant and equipment	14	58,895	37,945
Intangible assets	15	2,923,196	2,257,374
TOTAL NON-CURRENT ASSETS		**2,982,091**	**2,295,319**
TOTAL ASSETS		**6,167,175**	**6,287,490**
CURRENT LIABILITIES			
Payables and other liabilities	17	270,587	321,236
Provisions	19	79,294	56,172
Short term borrowings	18	398,602	257,670
Liabilities classified as held for sale	16	-	2,018
TOTAL CURRENT LIABILITIES		**748,483**	**637,096**
NON CURRENT LIABILITIES			
Borrowings	20	-	548,602
TOTAL NON CURRENT LIABILITIES		-	**548,602**
TOTAL LIABILITIES		**748,483**	**1,185,698**
NET ASSETS		**5,418,692**	**5,101,792**
EQUITY			
Contributed equity	21	52,387,452	49,748,978
Reserves	23	140,910	140,910
Accumulated Losses	22	(47,109,670)	(44,788,096)
TOTAL EQUITY		**5,418,692**	**5,101,792**

The accompanying notes form part of the financial statements.

For the Year Ended 30 June 2011

	Share Capital	Share Option Reserve	Accumulated Losses	Total
Balance at 1 July 2010	49,748,978	140,910	(44,788,096)	5,101,792
Losses for the year	-	-	(2,321,574)	(2,321,574)
Total comprehensive income for the year	-	-	(2,321,574)	(2,321,574)
Contribution of equity, net of transaction cost	2,638,474	-	-	2,638,474
Transactions with equity holders in their capacity as equity holders	2,638,474	-	-	2,638,474
Balance as on 30 June 2011	**52,387,452**	**140,910**	**(47,109,670)**	**5,418,692**

	Share Capital	Share Option Reserve	Accumulated Losses	Total
Balance at 1 July 2009	**46,035,928**	**443,936**	**(42,701,618)**	**3,778,246**
Losses for the year	-	-	(2,529,505)	(2,529,505)
Total comprehensive income for the year	-	-	(2,529,505)	(2,529,505)
Contribution of equity, net of transaction cost	3,713,050	-	-	3,713,050
Expiration and redemption of existing options	-	**(443,026)**	443,026	**-**
Option remuneration expense	-	140,000	-	140,000
Transactions with equity holders in their capacity as equity holders	3,713,050	(303,026)	443,026	3,853,050
Balance as on 30 June 2010	**49,748,978**	**140,910**	**(44,788,096)**	**5,101,792**

The accompanying notes form part of the financial statements.

For Year Ended 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		195,499	563,758
Payments to suppliers and employees		(2,850,843)	(3,595,676)
Interest received		7,636	33,788
Interest paid		(32,352)	(110,415)
Income tax refund		308,540	259,362
Net cash provided by (used in) operating activities	30(a)	**(2,371,520)**	**(2,849,183)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(58,282)	(10,646)
Net cash provided by (used in) investing activities		**(58,282)**	**(10,646)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		2,172,474	3,713,050
Proceeds from borrowings		450,000	500,000
Repayment of borrowings		(457,670)	(1,226,413)
Net cash provided by (used in) financing activities		**2,164,804**	**2,986,637**
Net increase (decrease) in cash and cash equivalents		**(264,998)**	**126,808**
Cash and cash equivalents at beginning of year		492,961	366,153
Cash and cash equivalents at end of the year	9	**227,963**	**492,961**

The accompanying notes form part of the financial statements.

1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include the consolidated entity consisting of MediVac Limited and its subsidiaries.

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act* 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention other than for items required to be brought to account at fair value as stated throughout.

Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MediVac Limited as at 30 June 2011 and the results of all subsidiaries for the year then ended. MediVac Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

1. Statement of Significant Accounting Policies (Continued)

(b) Principles of Consolidation (Continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(d)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(c) Going Concern

As a developing business the Group has experienced operating losses of $2,321,574 (2010: $2,529,505) and net cash outflows from operating activities of $2,371,520 (2010: $2,849,183). The continuing viability of the Group and its ability to continue as a going concern is dependent upon the Group being successful in its current efforts to generate recurring revenue and in accessing additional sources of funding as and when needed.

The Directors believe that the Group will be able to generate and access sufficient sources of funds and, accordingly, have prepared the financial statements on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 30 June 2011. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

Significant matters considered by the Directors in determining that it is appropriate for the financial statements to be prepared on a going concern basis include:

- Historically, the Company has successfully raised additional capital whenever required and the directors do not see any reason why any future need for such capital raisings would be unsuccessful. Subsequent to the end of the reporting period the Company has had limited need to raise additional funding via share capital raisings, instead making use of the existing Duchess equity facility and the newly obtained La Jolla Cove Investors Inc convertible note facility (see below).
- MediVac has finalised negotiations for more accessible long-term funding. The new funding agreement with USA-based La Jolla Cove Investors Inc. provides for an investment in MediVac of up to four convertible notes, if needed, each with a purchase price of $2 million, capable of being drawn down in guaranteed monthly sums of $200,000, or higher sums at the discretion of La Jolla. The unsecured funding has a low coupon rate of 4.75% and is not a revolving equity type facility, nor one involving the issue of options. The issue of the third and fourth notes will be at the discretion of MediVac. In certain circumstances, MediVac may elect to force conversion of any outstanding principal into ordinary shares in the Company. Since the end of the reporting period the Company has received the first two instalments from the La Jolla finance facility totalling $400,000.
- The Company also has an existing finance facility with Dutchess Capital, which can be used to raise extra funds as and when required. Since the end of the reporting period a further $12,000 has been raised using this facility.
- Since the end of the reporting period, Bergen Global has exercised its right to convert the convertible note held into ordinary shares of the Company. This has reduced the debt of the Group by $250,000.
- During the financial year, development work on the first MetaMizer 240SSS was

1. Statement of Significant Accounting Policies (Continued)
(c) Going Concern (continued)

completed and this will significantly reduce the cash burn rate in the 2012 financial year.

- During the financial year, the Group closed down its Melbourne office and centralised operations in Sydney and this will lead to further cost savings in the 2012 financial year.
- The Directors have taken into consideration the cash at bank and, as a result of detailed budgeting for 2011/12 and beyond, expect increased revenue through sales in the MediVac Technology and SunnyWipes businesses. There are current, well-progressed negotiations underway for a major export opportunity to supply 20 to 30 MetaMizers commencing in the financial year 2011/12. Further, the recent TGA approvals for the SunnyWipes Antimicrobial Hand Gel and the SunnyWipes General Virucidal and Antimicrobial Workplace Wipes, together with the anticipated TGA approval for the new Sunnywipes Hand Rub in the 2012 financial year, provide the Directors with cautious optimism regarding sales revenue for SunnyWipes in the next financial year.

After consideration of the above matters, the directors believe it appropriate for the financial statements to be prepared on a going concern basis.

(d) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Transaction costs that the Group incurs in connection with a business combination, including legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 1(j)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where any element of the consideration is contingent on the occurance of future events, such element of the consideration is not brought to account unless the likelihood of such events occurring is considered probable.

1. Statement of Significant Accounting Policies (Continued)

(e) Segment Reporting

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

Segment results that are reported to the CEO include revenue and expense items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Assets and liabilities are not allocated to operating segments. Other unallocated items comprise mainly head office and Group-wide expenses, and income tax amounts.

(f) Comparative Figures

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

(g) Foreign Currency

Transactions in foreign currencies are translated to Australian dollars (the functional currency) at exchange rates at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to Australian dollars at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in Australian dollars at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in Australian dollars translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

(h) Financial Instruments
(i) Non-Derivative Financial Instruments

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial Assets at Fair Value through Profit or Loss

At 30 June 2011, the Group does not hold any financial assets at fair value through profit or loss.

1. Statement of Significant Accounting Policies (Continued)

(h) Financial Instruments (continued)

Held-to-Maturity Investments

If the Group has positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Available-For-Sale Financial Assets

As at 30 June 2011, the Group does not hold any available-for-sale financial assets (2010:NIL). Any such assets subsequently acquired would, subsequent to initial recognition, be measured at fair value and changes therein, other than impairment losses (see Note 1(k)) and foreign exchange gains and losses on available-for-sale monetary items (see Note 1(g)) are recognised as an item of other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity would be transferred to profit or loss.

Cash & Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(ii) Non-Derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has (or has had during the reporting period) the following non-derivative financial liabilities: loans and borrowings, and trade and other payables. These financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

1. Statement of Significant Accounting Policies (Continued)

(h) Financial Instruments (continued)

(iii) Derivative Financial Instruments

During the year ended 30 June 2011, the Group did not hold any derivative financial instruments (2010:NIL) .

(iv) Compound Financial Instruments

Compound financial instruments consist of convertible notes that can be converted to share capital at the option of the holder. Upon conversion of the convertible notes, the number of shares to be issued does vary with changes in their fair value.

The fair value of a liability portion of a convertible note is initially recognised at the fair value of an equivalent non-convertible note. The remainder of the proceeds is allocated to the conversion option and is shown as equity. Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Subsequent to initial recognition, the liability component of this compound financial instrument will be measured at amortised cost using the effective interest method. The equity component of this compound financial instrument will not be remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability will be recognised in profit or loss. Distributions to the equity holders will be recognised against equity, net of any tax benefit.

(v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(vi) Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at the end of the reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has occurred after the initial recognition of the asset, and that the loss event had had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not otherwise consider, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively

2. Statement of Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries, and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. If applicable, interest on an impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(i) Property, Plant & Equipment

Each class of property, plant and equipment is carried at historical cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant & Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	
Plant and equipment	5 - 50%
Office equipment	10 - 30%
Computer equipment	40%
Computer software	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(k)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included net in the statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(j) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's

1. Statement of Significant Accounting Policies (Continued)

(j) Intangible Assets (Continued)

share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Website Costs

Website costs are recognised as intangible assets as incurred, provided future economic benefits are expected to be generated from the expenditure. These costs are carried at cost less any accumulated amortisation and any impairment losses. Website costs are amortised over its useful life, estimated to be 10 years on a straight line basis.

Intellectual Property

Intellectual property is recognised at cost of acquisition. Intellectual property has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Intellectual property is amortised over its useful life, estimated to be 10 years.

Research & Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are recognised in profit or loss as incurred. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Capitalised development expenditure is amortised on a systematic basis based on future economic benefits over the useful life of the project.

(k) Impairment of Assets

Financial Assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The

1. Statement of Significant Accounting Policies (Continued)

(k) Impairment of Assets (Continued)

remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) Finance Income and Expenses

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

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

Borrowing costs directly attributable to the acquisition or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

(m) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same

(m) Provisions (continued)

class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Employee Benefits

Wages & Salaries, Annual Leave & Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables (except annual leave which is recognised in provisions) in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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 end of the reporting period 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 end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share Based Payments

Share based compensation benefits are provided to employees via the employee share scheme. Information relating to this scheme is set out in Note 29.

The fair value of options granted under the employee share scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

Profit Sharing & Bonus Plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where

(n) Employee Benefits (Continued)

there is a past practice that has created a constructive obligation.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

(o) Share-Based Payments

The Group measures the goods and services received by equity-settled share-based payment transactions as an increase in equity, directly, at the fair value of the goods or services rendered, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services rendered, the Group shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

If the equity instruments granted vest immediately, are unconditional and are not required to complete a specified period of service, the Group shall presume that services rendered by the counterparty as consideration for the equity instruments have been received. On grant date the Group recognises the services rendered in full, with a corresponding increase in equity.

If the equity instruments granted do not vest until the counterparty completes a specified period of service, the Group shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The Group accounts for these services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity.

For the Group's policy on share based payments to employees, please refer to Note 1(n).

(p) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Services / commercial revenue are for services rendered and recognised as work is performed for the customer.

Revenue from sales of product is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to the buyer when goods have been delivered to the customer.

(q) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

(r) Earnings per Share

Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also

(s) Income Tax (continued)

recognised directly in equity.

Tax Consolidation Legislation

MediVac Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. In addition to its own current and deferred tax amounts, MediVac Limited 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. MediVac Limited and its controlled entities have not entered into a tax funding agreement.

(t) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(u) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(v) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less cost to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets classified as held for sale and assets of disposal group are classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

1. Statement of Significant Accounting Policies (Continued)

(v) Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to disclose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(w) New Accounting Standards & AASB Interpretations

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

— *AASB 9: Financial Instruments, AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The changes also incorporate the classification and measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

— simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
— simplifying the requirements for embedded derivatives
— removing the tainting rules associated with held-to-maturity assets
— removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
— allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
— financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows

— *AASB 10 Consolidation (applicable for annual reporting periods commencing on or after 1 January 2013)*

This standard supersedes AASB 127 and establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

The Standard:

— requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements;
— defines the principle of control, and establishes control as the basis for consolidation;

1. Statement of Significant Accounting Policies (Continued)
New Accounting Standards & AASB Interpretations (continued)

— set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and
— sets out the accounting requirements for the preparation of consolidated financial statements.

The Company has not yet assessed the impact of this Standard

— *AASB 11 Joint Arrangements (applicable for annual reporting periods commencing on or after 1 January 2013)*

This standard supersedes AASB 131 and under AASB 11 there are only two types of joint ventures, joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. Joint operations will be accounted for by the operator recognising:

— its assets, including its share of any assets held jointly;
— its liabilities, including its share of any liabilities incurred jointly;
— its revenue from the sale of its share of the output arising from the joint operation;
— its share of the revenue from the sale of the output by the joint operation; and
— its expenses, including its share of any expenses incurred jointly.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The option to proportionately consolidate joint ventures has been removed and accordingly, all joint ventures must be accounted for using the equity method.

The Company has not yet assessed the impact of this Standard.

— *AASB 12 Disclosure of Interests in Other Entities (applicable for annual reporting periods commencing on or after 1 January 2013)*

AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it consolidates and replaces disclosure requirements contained in many existing Standards.

The Company has not yet assessed the impact of this Standard.

— *AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013)*

This Standard gives effect to many consequential changes arising from the issuance AASB 10 *Consolidation*, AASB 11 *Joint Arrangements* and AASB 12 *Disclosure of Interests in Other Entities*, and accordingly, the Company has not yet assessed the impact of this Standard.

— *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013)*

1. Statement of Significant Accounting Policies (Continued)

New Accounting Standards & AASB Interpretations (continued)

These standards provide a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities.

The Company has not yet assessed the impact of these Standards.

— *AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard removes the requirement for government related entities to disclose details of all transaction with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. This Standard is not expected to impact the Company.

— *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

— Tier 1: Australian Accounting Standards; and
— Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

— for-profit private sector entities that have public accountability; and
— the Australian Government and State, Territory and Local Governments.

Subject to AASB 1049, General Government Sectors of the Australian Government and State and Territory Governments would also apply Tier 1 reporting requirements.

The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

— for-profit private sector entities that do not have public accountability;
— not-for-profit private sector entities; and
— public sector entities, whether for-profit or not-for-profit, other than the Australian Government and State, Territory and Local Governments.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.

This Standard is not expected to impact the Company.

1. Statement of Significant Accounting Policies (Continued)

New Accounting Standards & AASB Interpretations (continued)

— *AASB 1054 Australian Additional Disclosures (applicable for annual reporting periods commencing on or after 1 July 2011)*

The standard sets out the Australian-specific disclosures, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards. This Standard is not expected to impact the Company.

— *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The standard also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. This Standard is not expected to impact the Company.

— *AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This Standard is not expected to impact the Company.

— *AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. This Standard is not expected to impact the Company.

— *AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods commencing on or after 1 January 2011)*

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. This Standard is not expected to impact the Company.

— *AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods commencing on or after 1 July 2011)*

This Standard adds and amends disclosure requirements about transfers of financial assets, including in respect of the nature of the financial assets involved and the risks associated with them. This Standard is not expected to impact the Company.

1. Statement of Significant Accounting Policies (Continued)

New Accounting Standards & AASB Interpretations (continued)

— *AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applicable for annual reporting periods commencing on or after 1 January 2012)*

This standard provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in AASB 140 Investment Property. This Standard is not expected to impact the Company.

— *AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2011)*

This standard makes amendments to provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards. The standard also provides guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time. This Standard is not expected to impact the Company.

— *AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applicable for annual reporting period commencing on or after 1 January 2013)*

This standard provides relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards. This Standard is not expected to impact the Company.

— AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] (applicable for annual reporting periods commencing on or after 1 July 2011)*

AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures

retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs. This Standard is not expected to impact the Company.

— *AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054] (applicable for annual reporting periods commencing on or after 1 July 2013)*

AASB 2011-2 establishes reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project. The company has not yet assessed the impact of this standard.

— *AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).*

1. Statement of Significant Accounting Policies (Continued)

New Accounting Standards & AASB Interpretations (continued)

This Standard makes amendments to AASB 1049 Whole of Government and General Government Sector Financial Reporting to amend the definition of the ABS GFS Manual, provide relief from adopting the latest version of the ABS GFS Manual, and require related disclosures where the latest version of the ABS GFS Manual has not been applied. The standard is not expected to impact the company.

— *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (applicable for annual reporting periods commencing on or after 1 July 2013).*

This standard removes all the individual key management personnel disclosures contained in Aus paragraphs 29.1 to 29.9.3 of AASB 124. The changes apply to each disclosing entity, or group of which a disclosing entity is the parent that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act for their first annual reporting period beginning on or after 1 July 2013.

— *AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131] (applicable for annual reporting periods commencing on or after 1 July 2011)*

This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by

the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent

entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit entities that comply with Australian Accounting Standards. The standard is not expected to impact the company.

— *AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced*

Disclosure Requirements [AASB 127, AASB 128 & AASB 131] (applicable for annual reporting periods commencing on or after 1 July 2013)

This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements, as stated above. The standard is not expected to impact the company.

The Company does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.

2. Critical Accounting Estimates & Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical Accounting Estimates & Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Carrying Value Of Goodwill

Goodwill of $2,343,049 was recognised in August 2007 on acquisition of Diakyne Limited (renamed Diakyne Pty Ltd). Goodwill of $104,120 was also recognised in October 2008 on acquisition of Sunnywipes Pty Ltd. This was impaired by $15,635 in the financial year ended 30 June 2010. AASB 136 *Impairment of Assets* requires goodwill to be tested for impairment annually.

AASB 136 defines the recoverable amount of an asset or group of assets as the higher of its fair value less costs to sell and value in use. Value in use is the present value of the future cash flows. The present value of future cash flows indicates that the carrying value of the Diakyne Goodwill is impaired by $343,049 as at 30 June 2011, this has been documented in an independent valuation prepared in August 2011. The impairment loss of $343,049 was recognised as part of the loss from discontinued operations at the end of reporting period. The value of goodwill is now recognised as part of assets held for sale as the board has decided to sell this business unit.

However, should the projected cash flows fall outside the figures in the present value calculation, a further impairment loss would be recognised.

The recoverable amount of cash generating units (CGUs) are determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates that do not exceed the long term average growth rate for the business in which the CGUs operate.

The pre tax cash flows have been discounted at rates of between 20-35%.

Carrying Value Of Patents

Patents of $1,672,636 were recognised in October 2008 on acquisition of SunnyWipes Pty Ltd. The written down value at 30 June 2011 after amortisation is now $1,449,591. AASB 136 *Impairment of Assets* requires patents to be tested for impairment annually.

AASB 136 defines the recoverable amount of an asset or group of assets as the higher of its fair value less costs to sell and value in use. Value in use is the present value of the future cash flows. The present value of future cash flows indicates that the carrying value of patents is not impaired as at 30 June 2011, this is supported by discounted cash flow projections prepared by management for the next three years. However, should the projected cash flows fall outside the figures in the present value calculation; an impairment loss would be recognised. This could arise because:

- SunnyWipes is engaged in commercialising infection control products and the timing of future cash flows directly related to the current projects is difficult to predict.

Impairment Of Intellectual Property

In 2007, the Directors reduced the value of all MediVac Technology patents and trademarks to $Nil.

3. Financial Risk Management

Overview

The Group have exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit & Risk Committee (ARC), which is responsible for developing and monitoring risk management policies. The ARC reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through training and management standards and procedures appropriate for a small organisation, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Being a relatively small organisation, there is no formal Internal Audit function.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base have minimal if any influence on credit risk. Geographically there is no concentration of credit risk.

The Group has a credit policy under which potential new customers are analysed individually for creditworthiness before payment terms are offered. As the Group's revenue has been derived principally from product sales under pre-agreed contractual terms, credit limits are not considered relevant. If payment is not received within agreed credit terms, product supply may be suspended pending clearance of the outstanding balance.

In monitoring credit risk, each customer is assessed individually rather than grouping customers according to credit characteristics, because the Group deals with only a small number of customers. The Board of Directors reviews and approves the terms of new sale contracts entered into with customers, including credit terms granted.

3. Financial Risk Management (Continued)
Credit Risk (continued)

The Group has reviewed the outstanding trade and other receivables at year end and believe all amounts are considered to be collectable.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Through its capital raising and other ongoing initiatives, the Group aims to ensure it has sufficient cash reserves to meet operating expenses for at least the following 12 months, and regularly updates cash flow forecasts to monitor the cash position. The Group has signed a new funding agreement with USA-based La Jolla Cove Investors Inc. which provides for an investment in MediVac of up to four convertible notes, if needed, each with a purchase price of $2 million, capable of being drawn down in fixed minimum monthly sums of $200,000, or higher sums at the discretion of La Jolla. The unsecured funding has a low coupon rate of 4.75% and is not a revolving equity type facility, nor one involving the issue of options. The issue of the third and fourth Note will be at the discretion of MediVac. In certain circumstances, MediVac may elect to force conversion of any outstanding principal into ordinary shares in the Company.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to market risk. The Group does have an exposure to currency risk in relation to foreign currency as sales and purchases are denominated in Australian currency and foreign currency. Entry into hedging activity, based on present levels of foreign-currency denominated transactions, is not considered necessary on a cost-benefit analysis.

The Group has no exposure to interest rate risk on loans and borrowings, as interest is fixed for the term of each loan.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Managing Director. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions (where possible in the context of the Group's low number of employees);
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;

3. Financial Risk Management (Continued)
Operational Risk (continued)

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and
- procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is monitored by the Audit & Risk Management Committee of the Board.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

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

There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There has been no change in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains below 40%. The gearing ratio for the year ended 30 June 2011 was 2.74% and 30 June 2010 was 15.80%.

4. Segment Reporting

Segment information is presented using a 'management approach' that is, segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions).

(a) Description of Segments

Management has determined the operating segments based on reports reviewed by the board for making strategic decisions. The board monitors the business based on product and geographic factors and has identified three business segments.

(b) Primary Reporting – Business Segments

The Group comprises the following main business segments within the healthcare industry:

- Clinical waste management (being the MediVac Technology business)
- Scientific diagnostic (being the Diakyne business)- Discontinuing
- Cleaning and infection control products (being the SunnyWipes business)

4. Segment Reporting (continued)
(b) Primary Reporting – Business Segments (continued)

2011	Clinical Waste	Cleaning and Infection Control	Total Continuing Operations	Discontinuing Scientific diagnostic	Consolidated
Revenue	$	$	$	$	$
Sales income	126,650	65,129	191,779	-	191,779
Other income	-	6	6	-	6
Segment revenue	**126,650**	**65,135**	**191,785**	**-**	**191,785**
Unallocated revenue			**316,170**	-	316,170
Total revenue			**507,955**	**-**	**507,955**
Expenses					
Direct expenses	(95,878)	(553,345)	(649,223)	(11,280)	(660,503)
Indirect expenses	(217,179)	(378,399)	(595,578)	(345,228)	(940,806)
Segment expenses	**(313,057)**	**(931,744)**	**(1,244,801)**	**(356,508)**	**(1,601,309)**
Unallocated expenses			(1,195,879)		(1,195,879)
Unallocated finance			(32,340)		(32,340)
Loss before tax	**(186,407)**	**(866,608)**	**(1,965,064)**	**(356,508)**	**(2,321,574)**
Income tax	-	-	-		
Net loss	**(186,407)**	**(866,608)**	**(1,965,064)**	**(356,508)**	**(2,321,574)**
Segment Assets	1,263,285	219,914	**1,483,199**	2,256,531	3,739,730
Unallocated assets			**2,427,445**	-	2,427,445
Total Assets			**3,910,644**	**2,256,531**	**6,167,175**
Segment Liabilities	(4,587,157)	(2,355,041)	(6,942,198)	-	(6,942,198)
Unallocated liabilities			6,195,733	-	6,195,733
Total Liabilities			**(746,465)**	-	**(746,465)**
Capital Expenditure	-	-	-	-	-
Unallocated Capital			35,633	-	35,633
Total Capital			35,633	-	35,633
Depreciation and amortization	7,193	95,832	103,025	344,890	447,915
Unallocated Depreciation			3,887		3,887
Total	7,193	95,832	106,912	344,890	451,802

4. Segment Reporting (continued)

(b) Primary Reporting – Business Segments (continued)

2010	Clinical Waste	Cleaning and Infection Control	Total Continuing Operations	Discontinuing Scientific diagnostic	Consolidated
	$	$	$	$	$
Revenue					
Sales income	57,938	143,298	201,236		201,236
Other income	6	37,716	37,722	21,739	59,461
Segment revenue	**57,944**	**181,014**	**238,958**	**21,739**	**260,697**
Unallocated revenue			233,688	-	233,688
Total revenue			**472,646**		**494,385**
Expenses					
Direct expenses	(105,635)	(433,060)	(538,695)	(22,404)	(561,099)
Indirect expenses	(449,463)	(529,430)	(978,893)	(41,783)	(1,020,676)
Segment expenses	**(555,098)**	**(962,490)**	**(1,517,588)**	**(64,187)**	**(1,581,775)**
Unallocated expenses	-	-	(1,331,700)	-	(1,331,700)
Unallocated finance	-	-	(110,415)	-	(110,415)
Loss before tax	**(497,154)**	**(781,476)**	**(2,487,057)**	(42,448)	**(2,529,505)**
Income tax	-	-	-	-	-
Net Loss	**(497,154)**	**(781,476)**	**(2,487,057)**	(42,448)	**(2,529,505)**
Segment Assets	1,025,017	596,133	1,621,150	269,509	1,890,659
Unallocated assets			4,396,831		4,396,831
Total Assets			**6,017,981**		**6,287,490**
Segment Liabilities	(4,162,480)	(1,864,651)	(6,027,131)	412,606	(5,614,525)
Unallocated liabilities			4,428,827		4,428,827
Total Liabilities			(1,598,304)	412,606	**(1,185,698)**
Capital Expenditure	4,880	5,766	10,646	-	10,646
Unallocated Capital	-	-	-	-	-
Total Capital	**4,880**	**5,766**	**10,646**	**-**	**10,646**
Depreciation	7,663	5,187	12,850	1,399	14,247

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segments assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

The consolidated groups' business segments and operations are located in Australia.

4. Segment Reporting (continued)

(c) Entity-Wide Disclosures

Revenue from external customers was from both domestic and international markets.

All non-current assets were located in Australia.

Revenue of $125,968 was earned from two customers. Each amounted to greater than 10% of total sales.

Customer 1 being $70,068
Customer 2 being $55,900

(d) Accounting Policies

Segment accounting policies are the same as the Group accounting policies.

5. Revenue From Continuing Operations

	Consolidated 2011 $	Consolidated 2010 $
Revenue from operating activities		
Revenue from operations	191,779	201,236
Total operating revenue	191,779	201,236
Other revenue		
Grant income	308,540	246,867
Interest	7,636	24,529
Other income	-	15
Total other revenue	316,176	271,411
Total revenue and other income	507,995	472,647

6. Loss From Continuing Operations

	Consolidated 2011 $	Consolidated 2010 $
Depreciation and amortisation:		
Laboratory equipment depreciation	-	1,013
Furniture and equipment depreciation	5,878	6,627
Plant and equipment depreciation	6,985	4,775
Leasehold improvement depreciation	2,510	434
Intangible assets amortisation	1,851	1,851
Patent and Trademark amortisation	89,690	178,133
Total depreciation and amortisation	106,913	192,833
Defined contribution plan super contribution	46,608	56,867

7. Other Operating Expenses From Continuing Operations

	Consolidated 2011 $	Consolidated 2010 $
Administration	176,655	258,453
Corporate Management	194,306	61,221
Information Technology	16,410	23,876
Insurance	36,946	40,336
Legal & Compliance	186,354	130,546
Marketing	251,860	293,499
Office	88,369	72,159
Product Development & Support	152,455	196,549
Rental Expense on operating lease	118,499	117,275
Foreign Currency Loss	9,761	37,879
Other operating expenses	37,489	17,346
Sub-Total	1,269,104	1,249,139
Impairment Loss- Goodwill	-	15,635
Impairment Loss- Globetech Loan	-	85,369
Impairment Loss- Butler Loan	-	13,630
Sub-Total	-	114,633
Total	1,269,104	1,363,772

8. Income Tax Benefit

(a) The components of income tax benefit comprise:

	Consolidated 2011 $	Consolidated 2010 $
Current Tax	-	-
Total	-	-

(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	Note	Consolidated 2011 $	Consolidated 2010 $
Prima facie tax benefit on loss from continuing and discontinuing activities before income tax at 30% (2009: 30%)			
- Consolidated entity		696,472	758,852
Less:			
Tax effect of:			
- Entertainment		(1,109)	(509)
- Patent application expenses		(16,334)	(8,515)
- Future income tax benefit of tax loss and temporary differences not brought to account	31	679,029	749,828
Income tax credit attributable to entity		-	-
Balance of franking account at yearend		-	-

9. Cash & Cash Equivalents

	Consolidated 2011 $	Consolidated 2010 $
Cash on hand	27	267
Cash at bank	224,955	479,117
	224,982	479,384
Cash held as assets for sale	2,982	13,577
Total	227,963	492,961

Cash at bank and on hand

Cash on hand is non interest bearing. Cash at bank earned interest at rates between 0.1% and 5.0% depending on the level of funds from time to time (2010: 0.1%-5.0%). The weighted average interest rate to cash balances was 2.17% (2010:3.88%)

10. Trade & Other Receivables

	Consolidated 2011 $	Consolidated 2010 $
CURRENT		
Trade receivables	184,961	197,839
Sundry debtors	68,469	23,466
Sub total	253,430	221,305
Goods and services tax receivable	56,888	37,293
Sub total	56,888	37,293
Total	310,317	258,598

Impaired receivables

At 30 June 2011 there were no impaired receivables. (2010: Nil)

Effective interest rates and credit risk

Trade and Other Receivables are not interest bearing, other than noted above. Refer Note 34(a) for further details.

11. Inventories

	Consolidated 2011 $	Consolidated 2010 $
Stock on Hand at cost	382,264	548,873
Prepaid Stock	10,990	92,758
	393,254	641,631

12. Parent Entity Disclosure

The following details information related to the parent entity, Medivac Limited at 30 June 2011. The information presented has been prepared using consistent accounting policies as presented in Note 1.

	2011 $	2010 $
Current assets	211,145	497,928
Non-current assets	5,467,096	5,118,451
Total assets	**5,678,241**	**5,616,379**
Current liabilities	330,010	112,656
Non-current liabilities	-	400,000
Total liabilities	**330,010**	**512,656**
Contributed equity	52,387,453	49,748,979
Option reserve	140,910	140,910
Accumulated losses	(47,180,131)	(44,786,166)
Total equity	**5,348,231**	**5,103,723**
Loss for the year	(2,393,965)	(2,184,170)
Other comprehensive income/ (loss) for the year	-	-
Total comprehensive income/ (loss) for the year	**(2,393,965)**	**(2,184,170)**

There are no contingent liabilities or capital commitments at 30 June 2011. Medivac has not entered into any guarantees on behalf of its subsidiaries during or since end of last financial year.

13. Other Financial Assets

Acquisition of Subsidiaries

There were no acquisitions of subsidiaries during the 2011 financial year (2010:Nil)

14. Property Plant & Equipment

	Consolidated 2011 $	2010 $
PLANT AND EQUIPMENT		
Furniture & fittings		
At cost or fair value	170,126	171,301
Less accumulated depreciation	(161,633)	(157,619)
Total furniture & equipment	8,493	13,682
Plant & equipment		
At cost or fair value	97,770	96,101
Less accumulated depreciation	(87,067)	(80,082)
Total workshop equipment	10,703	16,019
Leasehold improvements		
At cost or fair value	42,888	8,925
Less accumulated depreciation	(3,190)	(680)
Total leasehold improvements	39,699	8,245
Total property, plant and equipment	**58,895**	**37,945**

14. Property Plant & Equipment (Continued)

(a) Movements in Carrying Amounts

2011 Consolidated	Furniture & Fittings	Plant & Equipment	Leasehold Improvement	Total
	$	$	$	$
Balance at the beginning of year -	13,682	16,019	8,245	37,945
Additions	691	1,669	33,963	36,323
Disposals	-	-	-	-
Adjustment	-	-	-	-
Depreciation	(5,878)	(6,985)	(2,510)	(15,373)
Balance at the end of the year	8,493	10,703	39,699	58,895

2010 Consolidated	Furniture & Fittings	Plant & Equipment	Leasehold Improvement	Total
	$	$	$	$
Balance at the beginning of year -	19,985	11,485	8,679	40,149
Additions	324	9,309	-	9,633
Disposals	-	-	-	-
Adjustment	-	-	-	-
Depreciation	(6,627)	(4,775)	(434)	(11,836)
Balance at the end of the year	13,682	16,019	8,245	37,945

(b) Assets Pledged As Security

With respect to the AusIndustry Loan there is a charge over the assets and undertakings of MediVac Technology Pty Ltd. The written down value of these assets at year end was $6,149 (2010: $12,654)

With respect to Bergen Global Convertible Note there is a fixed charge over the assets and undertakings of the Group. Since the end of the reporting period the note has been discharged and currently there is no charge over assets of Medivac Limited.

15. Intangible Assets

	Consolidated 2011 $	2010 $
Goodwill		
Cost	104,121	104,121
Accumulated impairment losses	(15,635)	(15,635)
Net carrying value	88,486	88,486
Patents and Trademarks		
Cost	1,810,610	1,793,802
Accumulated amortisation and impairment	(280,289)	(190,599)
Net carrying value	1,530,321	1,603,203
Website Development		
Cost	20,810	18,510
Accumulated impairment losses	(3,702)	(1,851)
Net carrying value	17,108	16,659
Development Cost	1,287,281	549,026
Total Intangibles	2,923,196	2,257,374

(a) Reconciliation Detailed Table

	Goodwill $	Consolidated Patents and Trademarks $	Website Development $	Development Costs $	Total $
Year ended 30 June 2010					
Opening balance	104,121	1,781,337	18,510	-	1,903,968
Additions	-	12,456	-	549,026	561,491
Impairment	(15,635)	-	-	-	(15,635)
Amortisation	-	(190,599)	(1,851)	-	(192,450)
Balance at 30 June 2010	88,486	1,603,203	16,659	549,026	2,257,374
Year ended 30 June 2011					
Opening balance	88,486	1,603,203	16,659	549,026	2,257,374
Additions	-	16,808	2,300	738,255	757,363
Impairment	-			-	-
Amortisation	-	(89,690)	(1,851)	-	(91,541)
Balance at 30 June 2011	88,486	1,530,321	17,108	1,287,281	2,923,196

The recoverable amount of goodwill and patents in SunnyWipes is determined based on value-in-use calculations. Value in use is calculated based on the present value of cash flow projections over a 5 year period.

16. Assets and Liabilities classified as held for sale

(a) Assets classified as held for sale:

	2011 $	2010 $
Cash	2,982	13,577
Trade and other receivable	-	541
Goodwill	2,000,000	2,343,049
Property, Plant and Equipment	253,550	255,391
Total	**2,256,531**	**2,612,558**

(b) Liabilities directly associated with assets classified as held for sale

	2011 $	2010 $
Trade Creditors	-	2,018
Total	**-**	**2,018**

The recoverable amount of goodwill for Diakyne has been independently valued for the 2011 financial year. Based on the valuation an impairment loss of $343,049 was recognised during the year as part of the loss from discontinuing operations. The directors of Medivac are seeking to sell this business unit and therefore the Diakyne goodwill is now classified as part of assets held for sale.

(c) Discontinuing Operation

(i) Description
As at 30th June 2011, the board decided to seek a sale of Diakyne business unit and therefore this division is reported in the financial statements as a discontinuing operation.

16. Assets and Liabilities classified as held for sale and discontinuing operation (continued)

(ii) Financial performance and cash flow information

	2011	2010
Revenue	-	21,739
Expenses	(356,508)	(64,187)
Loss before income tax	(356,508)	(42,448)
Income tax expense	-	-
Loss after income tax of discontinuing operation	(356,508)	(42,448)
Cash inflow from discontinuing operation	-	21,739
Cash outflow from discontinuing operation	(11,618)	(62,787)

17. Trade & Other Liabilities

	Consolidated	
	2011 **$**	**2010** **$**
CURRENT		
Unsecured liabilities		
Trade payables	209,887	235,351
Accrued Creditors	23,610	35,264
Prepaid Income	-	14,650
Goods and services tax	5,941	414
PAYG Withholding	12,175	35,557
Superannuation Clearing	18,974	-
Total	**270,587**	**321,236**

Payables are non-interest bearing and are payable within one year.

18. Short-Term Borrowings

	Consolidated 2011 $	2010 $
CURRENT		
Secured liabilities		
Bergen Global Convertible Note	250,000	-
AusIndustry Concessional Loan	148,602	257,670
Total secured liabilities	398,602	257,670
Total short term borrowing	**398,602**	**257,670**

(a) Interest rate risk exposure

The AusIndustry Concessional Loan is interest free. Monthly payments are being made to reduce the debt with the final payment due December 2011.

$250,000 was raised during the financial year through issue of convertible note to Bergen Global. The note is convertible any time at the option of the holder. Since the end of reporting period the holder has exercised their right and converted the note into shares of Medivac Limited. The note had a fixed and floating charge over the assets of the Company. The note was interest free and therefore did not expose the Group to any interest rate exposure.

19. Short-Term Provisions

	Consolidated 2011 $	2010 $
Employee entitlements – Annual Leave	63,676	45,971
Employee entitlements – Long Service Leave	15,618	10,201
Total	79,294	56,172

20. Long Term Borrowings

Consolidated	2011 $	2010 $
AusIndustry Concessional Loan	-	148,602
Directors Loan	-	400,000
Total	-	548,602

21. Share Capital

	Consolidated	
	2011	2010
	$	$
Opening contributed equity	49,748,978	46,035,928
Shares issued during the year for cash	2,635,138	3,801,000
Shares based payments for services rendered	66,000	-
Shares issued on conversion of convertible note	400,000	-
Share issue expenses	(462,664)	(87,950)
Total	52,387,452	49,748,978

(a) Share Capital - Parent Entity

	Parent Ordinary shares	
	2011	2010
	Number	Number
On issue at 1 July	1,120,028,286	783,128,286
Shares issued during the year for cash	475,060,870	336,900,000
Share issued for share based payment for services received	6,458,557	-
Shares issued during the year on conversion of convertible note	63,363,580	-
On issue at 30 June	1,664,911,293	1,120,028,286

(b) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and the Company does not have a limited amount of authorised share capital.

The Company has issued 544,883,007 shares during the financial year through share placements.

21. Share Capital (continued)

(c) Issued Shares

Details for the shares issued during the year are below:

Date	Number of shares issued	Issue Price	Amount raised
		$	$
08/07/2010	45,857,143*	.007	0*
12/07/2010	17,642,857**	.007	12,500
27/07/2010	32,142,875	.007	225,000
27/07/2010	3,142,857	.007	22,500
06/08/2010	3,571,428	.007	25,000
16/08/2010	44,335,713	.007	310,350
16/09/2011	22,142,857	.007	155,000
11/11/2010	62,363,580	.0064	400,000
11/11/2010	1,000,000	0	0
12/11/2010	6,458,557	.01022	66,000
18/11/2010	22,727,273	.011	250,000
01/12/2010	1,084,456	.011	11,929
06/12/2010	18,607,037	.010	186,070
15/12/2010	8,708,969	.011	95,799
13/01/2011	11,472,718	.011	126,200
31/01/2011	11,050,000	.008	88,400
31/01/2011	22,500,000	.006	135,000
08/02/2011	15,000,000	.006	90,000
09/03/2011	98,418,756	.005	492,094
05/05/2011	3,428,658	.0058	19,886
11/05/2011	6,000,000	.005	30,000
27/05/2011	55,000,000	.004	220,000
07/06/2011	22,727,273	.004	90,909
22/07/2011	2,750,000***	.004	11,000
28/06/2011	9,500,000	.004	38,000
Total	544,883,007		3,101,138

* Shares were issued in financial year 2010 but ASX announcement was made on 8 July 2011.
** Total amount raised was $123,500. Out of which $111,000 of the proceeds were received in June 2010 and shares were is issued in financial year 2010 but ASX announcement was made on 12 July 2011. Balance proceed of $12,500 was received in July 2011.
***Shares issued to Alpha securities for services. The shares were issued in financial year 2011 but ASX announcement was made on 22nd July 2011.

21. Share Capital (continued)

(d) Unlisted Options (refer Note 29 for more details)

Details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year.

	2011	2010
Opening Balance	42,100,000	4,500,000
Options issued during the period	45,000,000	40,000,000
Options lapsed / forfeited during the period	-	(2,400,000)
Total unlisted options at 30 June 2011	87,100,000	42,100,000

2011

Date	Expiry Date	Exercise Price $	Balance **1/07/2010**	Granted	Expired	Balance **30/06/2011**	Vested & Exercisable
29-Nov-06	30-Nov-11	0.18	1,100,000	-	-	1,100,000	1,100,000
8-Dec-06	15-Jul-12	0.12	1,000,000	-	-	1,000,000	1,000,000
26-Nov-09	30-Nov-12	0.03	40,000,000	-	-	40,000,000	40,000,000
05-May-11	05-May-15	0.0076	-	45,000,000*	-	45,000,000	45,000,000
Total			42,100,000	45,000,000	-	87,100,000	87,100,000

*45,000,000 options were granted to Bergen Global

2010

Date	Expiry Date	Exercise Price $	Balance **1/07/2009**	Granted As **Remuneration**	Expired	Balance **30/06/2010**	Vested & Exercisable
1-Jul-04	1-Jul-09	0.30	300,000	-	(300,000)	-	-
1-Mar-05	1-Mar-10	0.25	1,000,000	-	(1,000,000)	-	-
29-Nov-06	30-Nov-09	0.12	1,100,000	-	(1,100,000)	-	-
29-Nov-06	30-Nov-11	0.18	1,100,000	-	-	1,100,000	1,100,000
8-Dec-06	15-Jul-12	0.12	1,000,000	-	-	1,000,000	1,000,000
26-Nov-09	30-Nov-12	0.03	-	40,000,000	-	40,000,000	40,000,000
Total			4,500,000	40,000,000	(2,400,000)	42,100,000	42,100,000

22 Accumulated Losses

	Consolidated 2011 $	2010 $
Accumulated losses at the beginning of the financial year	(44,788,096)	(42,701,617)
Option Reserve	-	443,026
Net loss for the period	(2,321,574)	(2,529,505)
Accumulated losses at the end of the financial year	(47,109,670)	(44,788,096)

23 Share Option Reserve

	Consolidated 2011 $	2010 $
Balance at 1 July	140,910	443,936
Expiration and redemption of existing options	-	(443,026)
Option remuneration expense	-	140,000
Balance at 30 June	140,910	140,910

The reserve records funds set aside to recognise the fair value of options issued but not exercised.

24 Key Management Personnel Disclosures

(a) The following persons were Directors and key management personnel in office at any time during the financial year:

Directors	**Position**
Paul McPherson	Executive Chairman
Stephen Copulos	Non Executive Director– resigned 1 February 2011
John Evans	Non Executive Independent Director
Peter Steve	Executive Director
Reba Meagher	Non Executive Independent Director – appointed 1 February 2011
Helen Owens	Non Executive Independent Director – appointed 1 February 2011

Other Key Management Personnel

Mal Lucas-Smith	Company Secretary
Vishal Khanna	Finance Manager – appointed 24 January 2011
Paul Woodford	Operational Manager- Medivac Technology
Michael Kornitschuk	General Manager – Sunnywipes- resigned 18 February 2011

(b) Key management personnel compensation

	Consolidated 2011 $	2010 $
Short term employee benefits	719,666	803,739
Post - employment benefits	44,655	52,896
Share based payments	-	122,500
Long term benefits	-	-
Total	764,321	979,135

(c) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

24. Key Management Personnel Disclosures (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

There were no options provided as remuneration during the 2011 financial period. There were 35,000,000 options provided as remuneration during the 2010 financial period.

The details of the MediVac Employee Option Plan (MEOP) together with terms and conditions of the options are detailed in Note 29(a).

(ii) Unlisted Option Holdings

The numbers of unlisted options over ordinary shares in the company held during the financial year by each Director of MediVac Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance 30/06/2010	Granted as Remuneration	Options Exercised	Net Other Change**	Expired	Balance 30/06/2011	Total Vested	Total Exercisable	Total Un-Exercisable
P McPherson*	15,500,000	-	-	-	-	15,500,000	15,500,000	15,500,000	-
S Copulos	2,500,000	-	-	(2,500,000)	-	-	-	-	-
J Evans	2,500,000	-	-	-	-	2,500,000	2,500,000	2,500,000	-
P Steve*	7,500,000	-	-	-	-	7,500,000	7,500,000	7,500,000	-
M Lucas-Smith*	2,500,000	-	-	-	-	2,500,000	2,500,000	2,500,000	-
Paul Woodford*	2,500,000	-	-	-	-	2,500,000	2,500,000	2,500,000	-
Total	33,000,000	-	-	(2,500,000)	-	30,500,000	30,500,000	30,500,000	-

*Key Management Personnel
** Share options movement as result of Directors/employee resigning.

Number of Options Held by Key Management Personnel at 30 June 2010

	Balance 30/06/2009	Granted as Remuneration	Options Exercised	Net Other Change**	Expired	Balance 30/06/2010	Total Vested	Total Exercisable	Total Un-Exercisable
P McPherson*	1,000,000	15,000,000	-	-	(500,000)	15,500,000	15,500,000	15,500,000	-
S Copulos	-	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
J Evans	-	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
N Gatsios	-	2,500,000	-	(2,500,000	-	-	-	-	-
P Steve*	-	7,500,000	-	-	-	7,500,000	7,500,000	7,500,000	-
M Lucas-Smith*	-	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
Paul Woodford*	-	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
G Thompson*	-	2,500,000	-	(2,500,000	-	-	-	-	-
Total	1,000,000	37,500,000	-	(5,000,000	(500,000)	33,000,000	33,000,000	33,000,000	-

*Key Management Personnel
** Share options movement as result of Directors/employee resigning.

24. Key Management Personnel Disclosures (continued)

(d) Shareholdings

The number of Shares held in the company during the financial year by each Director of MediVac Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the period as compensation.

2011

	Balance 30/06/2010	Received as Remuneration	Net Change Other**	Balance 30/06/2011
Directors				
Stephen Copulos (i)	343,056,961	-	(343,056,961)	-
Paul McPherson (ii)	6,000,000	-	6,000,000	12,000,000
John Evans (iii)	3,416,666	-	3,168,831	6,585,497
Reba Meagher	-	-	300,000	300,000
Helen Owens	-	-	300,000	300,000
Peter Steve (iv)	22,325,000	-	-	22,325,000
Key Management Personnel				
Mal Lucas-Smith (v)	3,000,000	-	909,090	3,909,090
Michael Kornitschuk	1,000,000		(1,000,000)	-
Paul Woodford	166,666	-	-	166,666
Vishal Khanna	-	-	-	-
Total	378,965,293	-	(333,379,040)	45,586,253

** Net Change refers to the number of shares acquired or disposed or when ceased to be a director or key management personnel.

i. Shares are held indirectly through companies associated or controlled by Mr. Copulos as part of the Copulos Group, for which Mr. Copulos is the Managing Director. Mr. Copulos is holds 325,406,550 shares in Medivac Limited but he ceased to be a director of the company therefore his shareholding is shown as nil.

ii. Shares are held by Panita Pty Ltd <atf Panita Super Fund Account> of which Mr. McPherson is a Director.

iii. Shares are held by Rinnovate Pty Ltd <atf Rinnovate Discretionary Trust> of which Mr Evans is the Director.

iv. 22,325,000 shares are held by Peter Lawrence Steve.

v. Shares are held by Flexible Investments Superfund Pty Ltd of which Mr Lucas-Smith is a director.

24 Key Management Personnel Disclosures (continued)

2010

	Balance 01/07/2009	Received as Remuneration	Net Change Other**	Balance 30/06/2010
Directors				
Stephen Copulos (i) (vi)	343,856,962	-	(800,001)	343,056,961
Paul McPherson (ii)	2,666,666	-	3,333,334	6,000,000
John Evans (iii)	2,416,666	-	1,000,000	3,416,666
Nick Gatsios	-	-	600,000	600,000
Peter Steve (iv)	22,125,000	-	200,000	22,325,000
Other Key Management Personal				
Mal Lucas-Smith (v)	500,000	-	2,500,000	3,000,000
Paul Woodford	166,666	-	-	166,666
Michael Kornitschuk	-	-	1,000,000	1,000,000
Total	371,731,960	-	7,833,333	379,565,293

** Net Change refers to the number of shares acquired or disposed or when ceased to be a director or key management personnel

i. Shares are held indirectly through companies associated or controlled by Mr. Copulos as part of the Copulos Group, for which Mr. Copulos is the Managing Director.

ii. 166,666 Shares are held by Panita Pty Ltd <atf Panita Super Fund Account> of which Mr. McPherson is a Director.

iii. Shares are held by Rinnovate Pty Ltd <atf Rinnovate Discretionary Trust> of which Mr Evans is the sole Director.

iv. 22,325,000 shares are held by Peter Lawrence Steve.

v. Shares are held by Flexible Investments Superfund Pty Ltd of which Mr Lucas-Smith is a director.

vi. 800,000 shares sold by personally related entities.

(e) Loans to key management personnel

No loans were made to any Directors of MediVac Limited or to any other key management personnel of the Group during the year (2010:Nil)

(f) Listed Option Holdings

There are no listed options held in the company during the financial year (2010: nil).

24. Key Management Personnel Disclosures (continued)

(g) Other transactions with key management personnel

A former Director, Mr S Copulos is a Director and shareholder of CGI Management Pty Ltd. CGI management provided administrative, payroll and accounting support services to the MediVac Group of entities. This service commenced in December 2007and ceased on 28 February 2011 and was provided on normal commercial terms and conditions.

Amounts recognised as expense:

	Consolidated	
	2011	2010
	$	$
Administration and accounting services	86,019	123,333
Borrowing fee	32,560	25,000
Total	118,579	148,333

Amounts recognised as liabilities:

	Consolidated	
	30/06/2011	30/06/2010
	$	$
Administration and accounting services	-	403
Total	-	403

25 Auditors' Remuneration

	Consolidated	
	2011	2010
	$	$
Amounts paid/payable to William Buck for audit and review work under Corporations Act 2001*:		
- Auditing or reviewing the financial report	38,550	38,507
Other services	-	-
Total audit and assurance fees paid or payable	38,550	38,507
Total other services paid or payable	-	-
Total paid or payable	**38,550**	**38,507**

* (all amounts are excluding GST)

26 Related Party Transactions

(a) Parent Entity

The parent entity within the Group is MediVac Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 27.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 24.

(d) Transactions with Related Parties

The following transactions occurred with related parties other than key management personnel:

	Consolidated	
	2011 $	2010 $
Superannuation contributions:		
Contributions to superannuation funds on behalf of employees	46,608	56,867
Total	46,608	56,867

(e) Outstanding balances arising from sales / purchases of goods and services

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

27 Investment in Subsidiaries and Intercompany Loans

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b).

The following is a list of subsidiaries and their details:

	Country of Incorporation	Class of shares	Equity holding 2011	Equity holding 2010
Diakyne Pty Ltd	Australia	Ordinary	100%	100%
MediVac Technology Pty Ltd	Australia	Ordinary	100%	100%
MediVac Holdings Pty Ltd	Australia	Ordinary	100%	100%
SunnyWipes Pty Ltd	Australia	Ordinary	100%	100%
SWAP International Pty Ltd	Australia	Ordinary	100%	100%

28 Earnings Per Share

(a) Reconciliation of Earnings to Profit or Loss

	Consolidated	
	2011	2010
	$	$
Loss for the year	(2,321,574)	(2,529,505)
Earnings used in calculation of basic EPS	(2,321,574)	(2,529,505)
Earnings used in calculation of diluted EPS	(2,321,574)	(2,529,505)

(b) Weighted average number of ordinary shares (diluted):

	Consolidated	
	2011	2010
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,395,251,347	1,030,623,355
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	1,395,251,347	1,030,623,355

The consolidated entity recorded a loss; therefore the share options are not dilutive.

29 Share - Based Payments

(a) Employee Option Plan

The company has established the MediVac Limited Employee Share Option Plan No. 2 (MEOP2). This Plan was approved by shareholders at the 2009 AGM. Options granted under the plan carry no dividend or voting rights.

The object of the MEOP2 is to:

i. establish a method by which Eligible Persons can participate in future growth and profitability of the Company and the Group;
ii. provide an incentive and reward for Eligible Persons for their contributions to the Company and the Group; and
iii. attract and retain a high standard of managerial and technical personnel for the benefit of the Company and the Group.

The MEOP2 is administered by the Board of Directors (although the Directors may delegate these functions and powers) in accordance with the Rules of the MEOP2. The material terms of the MEOP2 are:

i. Eligibility

The Board may in its absolute discretion and according to the Rules determine that an Eligible Person is entitled to participate in the Plan and will determine the number of Options which may be granted to that person or a nominee of that person

ii. Invitation

The Board may, in its discretion and according to the terms and conditions of the Plan, invite a Participant to apply for Options at any time it considers appropriate. The Board must specify in the Invitation:

1. the Participant;
2. the maximum number of Options which the Participant may accept;
3. the amount (if any) payable by the Participant as consideration for each Option;
4. for each Option: the Exercise Price, Exercise Period and any Exercise Conditions;
5. the closing date for applying for each Option;
6. the date on which the Options shall be granted;
7. how the Participant is to apply for each Option; and
8. any other matters which the Board may determine

iii. Exercise

All or any Options can be exercised during the exercise period specified at the time of issue of the relevant Options. No Option can be exercised until it has vested and the relevant performance condition(s), if any, have been met or waived by the Directors, after which each Option may be exercised only during the exercise period.

iv. Exercise Price

Exercise price means the subscription price payable in cash on exercise of an Option as fixed for that Option under the MEOP2 but will be not less than the volume weighted average market sale price of shares in the capital of the Company on ASX Limited for the 5 trading days immediately preceding the date of the invitation to issue the options.

v. Maximum Number

In accordance with the Corporations Act, the MEOP provides the Company will not grant Options under the MEOP if the total number of Shares the subject of those Options would exceed 5% of the total number of Shares in the Company on issue.

29. Share - Based Payments (continued)
(a) Employee Option Plan (continued)

vi. Participation in Future Issues

a. If the Company makes a bonus issue of Shares or other securities pro rata to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of an Option before the record date for determining entitlements to the bonus issue, then the number of securities over which the option is exercisable will be increased by the number of securities which the holder of the Option would have received if the Option has been exercised before the record date for the bonus issue.

b. If the Company makes an offer of Shares equally to all holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of an Option before the record date for determining entitlements to the rights issue then the Exercise Price (where applicable to that Option) is to be adjusted using the formula set out in clause 8.3 in order to provide the Participant with the bonus element which may be present in a pro-rata rights issue. There is to be no change in the number of Shares to which the Participant is entitled on exercise of the Option. To this effect, on a rights issue, the Exercise Price is to be reduced by the value of the theoretical rights entitlement received in relation to each Share.

vii. Suspension of the MEOP2
The Board may at any time terminate or suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension.

Set out below are the summaries of options granted under the plan as at 30 June 2011:

Grant Date	Expiry Date	Exercise Price $	Balance **01/07/2010**	Granted As **Remun**	Expired	Balance **30/06/2011**	Vested & Exercisable
29 Nov 2006	30 Nov 2011	0.18	1,100,000	-	-	1,100,000	1,100,000
26 Nov 2009	30 Nov 2012	0.03	40,000,000	-	-	40,000,000	40,000,000
Total			41,100,000	-	-	41,100,000	41,100,000

Options granted under the plan as at 30 June 2010:

Grant Date	Expiry Date	Exercise Price $	Balance **01/07/2009**	Granted As **Remun**	Expired	Balance **30/06/2010**	Vested & Exercisable
01 Jul 2004	01 Jul 2009	0.30	300,000	-	(300,000)	-	-
01 Mar 2005	01 Mar 2010	0.25	1,000,000	-	(1,000,000)	-	-
29 Nov 2006	30 Nov 2009	0.12	1,100,000	-	(1,100,000)	-	-
29 Nov 2006	30 Nov 2011	0.18	1,100,000	-	-	1,100,000	1,100,000
26 Nov 2009	30 Nov 2012	0.03	-	40,000,000	-	40,000,000	40,000,000
Total			3,500,000	40,000,000	(2,400,000)	41,100,000	41,100,000

The net change other column above includes those options that have been forfeited by holders as well as options issued or lapsed during the year under review.

The weighted average exercise price of all options is $0.034.

29. Share - Based Payments (continued)
(a) Employee Option Plan (continued)

Fair value of options granted

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(b) Equity instruments granted for services rendered

During the year 16,208,643 ordinary shares worth $121,886 were issued for services rendered (2010: nil).

(e) Options issued for services rendered

There were no options issued for services rendered during the year ended 30 June 2011 (2010: nil apart from option issued to employees as referred in Note 24(c))

30 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with loss after Income Tax

	30 June 2011 $A	30 June 2010 $A
Net loss for the period	(2,321,574)	(2,529,505)
Non-cash flows in profit		
Depreciation and amortisation	108,754	194,233
FX Loss	9,761	-
Impairment Loss	343,049	15,635
Options issued as remuneration	-	140,000
Changes in assets and liabilities net of effect of purchase controlled entities		
(Increase)/ Decrease in Trade and other receivables	(51,178)	517,494
(Increase)/ Decrease in Development Costs	(738,255)	(549,026)
(Increase)/ Decrease in Inventories	248,377	(467,161)
Increase/ (Decrease) in Trade and other payables	36,377	(198,980)
Increase/ (Decrease) in Provisions	(42,095)	23,863
Increase/ (Decrease) in Other Liabilities	35,264	4,264
Net Cash outflow from operating activities	**(2,371,520)**	**(2,849,183)**

(b) Non-cash investing activities

During the year ended 30 June 2011 there no non-cash investing activities (2010: Nil).

31 Taxation

Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility are met, as set out below.

	Consolidated 2011 $	2010 $
Tax losses:		
- operating losses*	7,839,743	5,518,169
Total	7,839,743	5,518,169

*Inclusive of adjusted tax losses.

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 30 June 2011 (2010:Nil), because the Directors do not believe that is appropriate to regard realisation of the future income tax benefits as probable.

Similarly, future benefits attributable to net temporary differences have not been brought to account, as the Directors do not regard the realisation of such benefits as probable.

31 Taxation (continued)

This benefit for tax losses will only be obtained if:

(a) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(b) the Company complies with the conditions for deductibility imposed by the tax legislation; and
(c) no changes in tax legislation adversely affect the company in realising the benefit from deductions for the losses.

In addition, the availability of tax losses is subject to the Group successfully establishing deductibility, and in particular, satisfying either the same business test or the continuity of ownership test.

32 Capital & Leasing Commitments

(a) Finance Lease Commitments

Medivac has no finance lease commitments as at 30 June 2011 (2010: nil)

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	Consolidated	
	2011	2010
	$	$
Payable - minimum lease payments		
- not later than 12 months	171,016	99,600
- between 12 months and 5 years	304,213	91,000
Total	475,229	190,600

The operating lease is for the rental of office space.

32. Capital & Leasing Commitments (continued)

(c) Capital commitments

There are no material capital commitments at the end of the reporting period.

(d) Termination commitments

There are no termination commitments at the end of the reporting period.

33 Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at the end of the reporting period.

34 Financial Instruments

(a) Credit Risk

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying Amount	
	Note	2011	2010
		$	$
Trade & Other Receivables	10	310,317	258,598
Cash & Cash Equivalents	9	227,963	492,961
		538,280	751,559

The Group's maximum exposure to credit risk for Trade Receivables at the end of the reporting period was $184,961 (2010:$197,839). The exposure was attributable to customers located in Australia and overseas.

The Group's most significant customer, Bravo Pacific Limited (based in Russia), accounted for 80% of the Trade Receivables carrying amount being $147,652 at 30 June 2011 (2010: $156,730). Since end of the reporting period, the group has received $88,714 and the balance payment is expected by the end of September.

Ageing of Receivables

The ageing of the Group's Trade Receivables at the reporting date was:

	Gross	Impairment	Gross	Impairment
	2011	2011	2010	2010
	$	$	$	$
Not past due	3,844	-	41,109	-
Past due 0 – 30 days	32,256	-	-	-
Past due 31-120 days	275	-	-	-
Past 120 days +	148,586	-	156,730	-
	184,961	-	197,839	-

34. Financial Instruments (continued)
(a) Credit Risk (continued)

Based on the historic default rates and a specific review of trade receivables, the Group believes no impairment allowance is necessary in respect of Trade Receivables. Terms of trade with any customers were not renegotiated during the year. The Group has no held-to-maturity investments and, as such, no impairment analysis is required for such assets.

(b) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments, for both the Company and Group:

30 June 2011

	Carrying Amount $	Contract C/Flows $	6 months or less $	6 -12 months $	1 - 2 years $	2 - 5 years $	More than 5 years $
Non-Derivative Financial Liabilities							
Trade and other payables	270,587	(270,587)	(270,587)	-	-	-	-
Other Loans	398,602	(398,602)	(398,602)*	-	-	-	-
	669,189	(669,189)	(669,189)	-	-	-	-

*$250,000 is by way of a convertible note. If the note holder elects to convert into shares in MediVac then the amount will not be paid. Since the end of the reporting period, the holder has elected to convert the convertible note into shares in Medivac.

30 June 2010

	Carrying Amount $	Contract C/Flows $	6 months or less $	6 -12 months $	1 - 2 years $	2 - 5 years $	More than 5 years $
Non-Derivative Financial Liabilities							
Trade and other payables	321,236	(321,236)	(321,236)	-	-	-	-
Director Loans	400,000	(400,000)	-	-	(400,000)*	-	-
Other Loans	406,272	(406,272)	(109,068)	(148,602)	(148,602)	-	-
	1,127,508	(1,127,508)	(430,304)	(148,602)	(548,602)	-	-

*This loan is by way of a convertible note. If the note holder elects to convert into shares in MediVac then the amount will not be paid.

(c) Currency Risk

Exposure to Currency Risk

The Group has an international customer base. At 30 June 2011 the only exposure the Group has to foreign currency risk is an amount owing from Bravo Pacific Limited. The outstanding debt amounts to 110,007 EUR ($147,652AUD). The exposure to the Group is therefore the movement in the Euro compared to the Australian dollar.

34. Financial Instruments (continued)
(c) Currency Risk (continued)

The following significant exchange rates applied during the year

AUD	Average Rate 2011	Average Rate 2010	Reporting Date Spot Rate 2011	Reporting Date Spot Rate 2010
EUR	0.7245	0.6352	0.7405	0.7014

Foreign Currency Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposure to changes in exchange rates. The table indicates the impact on how the profit and loss and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated	
	Profit	**Equity**
2011	**$**	**$**
+ 10% in AUS/EUR	(24,876)	(24,876)
- 10% in AUS/EUR	2,407	2,407

(d) Interest Rate Risk

Profile

At the end of the reporting period, the interest rate profile of the Group's interest-bearing financial instruments were as follows:

	Consolidated Carrying Amount	
	2011	2010
	$	$
Fixed Rate Instruments		
Financial liabilities	398,602	806,272
Variable Rate Instruments		
Financial liabilities	-	-

34. Financial Instruments (continued)

(d) Interest Rate Risk (continued)

Exposure to interest rate risks or financial rate risks on financial assets and liabilities are summarised as follows:

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing 1 to 5 Years	Fixed Interest Rate Maturing Over 5 Years	Non-Interest Bearing	Total
2011						
Financial Assets:						
Cash	2.17%	194,982	30,000	-	-	224,982
Receivables	0%	-	-	-	310,317	310,317
		194,982	30,000	-	310,317	535,299
Financial Liabilities:						
Payables	0%	-	-	-	(270,587)	(270,587)
R&D Start Loan	0%	-	-	-	(148,602)	(148,602)
CN-Bergen Global Opportunity	0%	-	-	-	(250,000)	(250,000)
		-	-	-	(669,189)	(669,189)
2010						
Financial Assets:						
Cash	3.88%	462,961	30,000	-	-	492,961
Receivables	0%	-	-	-	259,139	259,139
		462,961	30,000	-	259,139	752,100
Financial Liabilities:						
Payables	0%	-	-	-	(323,254)	(323,254)
R&D Start Loan	0%	-	-	-	(406,272)	(406,272)
Copulos Group Loans	15%	-	(400,000)	-	-	(400,000)
		-	(400,000)	-	(729,526)	(1,129,526)

Fair Value Sensitivity for Fixed Rate Instruments

The Group has fixed rate financial assets and liabilities. As at the end of the reporting period the Group does not have any derivatives designated as hedging instruments under a fair value hedge accounting model.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

The Group does not have any variable rate assets and liabilities.

34. Financial Instruments (continued)

(e) Fair Values

Fair Values versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30-Jun-11		30-Jun-10	
	Carrying Amount	Carrying Amount	Carrying Amount	Fair Value
Consolidated				
Trade and other receivables	310,317	310,317	258,598	258,598
Cash and cash equivalents	224,982	224,982	479,384	479,384
Trade and other payables	(270,587)	(270,587)	(321,236)	(321,236)
Loans	(398,602)	(398,602)	(806,272)	(806,272)
	(133,890)	(133,890)	(389,526)	(389,526)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

35 Finance Income and Expense

Recognised in Profit or Loss

	Consolidated	
	2011 $	2010 $
Interest income on bank deposits	7,635	24,511
Interest on Director loans	-	9,259
Other receivables	-	18
Finance Income	7,635	33,788
Interest expense on financial instruments	-	(79,007)
Exchange rate variation	(9,761)	(37,879)
Interest expense on other financial liabilities	(32,352)	(31,408)
Finance Expense	(42,113)	(148,294)
Net Finance Income/(Expense)	(34,478)	(114,506)

No Finance Income or Expense was recognised directly in equity (2010: Nil).

36 Events Subsequent to Reporting Date

Since the Balance Date, the Company has undertaken several working capital initiatives:

- The holder of Bergen Global Opportunity convertible fund have exercised the option to convert entire $250,000 into shares of Medivac Limited.
- MediVac has finalised negotiations for more accessible long-term funding. The new funding agreement with USA-based La Jolla Cove Investors Inc. provides for an investment in MediVac of up to four convertible notes, if needed , each with a purchase price of $2 million, capable of being drawn down in guaranteed monthly sums of $200,000, or higher sums at the discretion of La Jolla. The unsecured funding has a low coupon rate of 4.75% and is not a revolving equity type facility, nor one involving the issue of options. The issue of the third and fourth note will be at the discretion of MediVac. In certain circumstances, MediVac may elect to force conversion of any outstanding principal into ordinary shares in the Company.
- Debt has been reduced by a further $324,767 since the end of the reporting period.
- 220,779,412 ordinary shares have been issued since the end of the reporting period.
- No options have been issued since the end of the reporting period.

37 Company Details

Registered Office

The registered office of the company is:
MediVac Limited
3 Binney Road,
Kings Park, NSW 2148.

DIRECTORS DECLARATION

In the Directors' opinion:

1. the financial statements and notes set out on pages 38 to 90 are in accordance with the *Corporations Act 2001,* including:

   (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the financial year ended on that date; and

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

3. the audited remuneration disclosures set out in Section 11 of the Directors Report (as part of the Remuneration Report), for the year ended 30 June 2011, comply with Section 300A of the Corporations Act 2001 and the Corporations Regulations 2001; and

4. the notes to the financial statements include an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

The Directors have been given the declarations by the Executive Chairman required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.

P. D. McPherson

Paul McPherson
Executive Chairman
Sydney
19 September 2011

William Buck

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
Chartered Accountants
ABN 16 021 300 521

Leo Tutt

L.E. Tutt
Partner
Sydney, 19 September 2011

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Level 29, 66 Goulburn Street, Sydney NSW 2000
Telephone: +61 2 8263 4000 • Facsimile: +61 2 8263 4111
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIVAC LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report comprising Medivac Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Level 29, 66 Goulburn Street, Sydney NSW 2000
Telephone: +61 2 8263 4000 • Facsimile: +61 2 8263 4111
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIVAC LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

a. the financial report of the consolidated entity 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 2011 and of 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(c) to the financial report which indicates that the consolidated entity incurred an operating loss of $2,321,574 (2010: $2,529,505) and had net cash outflows from operating activities of $2,371,520 (2010: $2,849,183) during the year ended 30 June 2011, and that the ability of the consolidated entity to continue as a going concern is dependent upon the consolidated entity being successful in generating sufficient recurring revenue and accessing additional sources of funding as and when needed.

These conditions, along with the 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 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in Section 11 of the directors' report for the year ended 30 June 2011. 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 Medivac Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Medivac Limited for the year ended 30 June 2011 included on Medivac Limited's web site. The company's directors are responsible for the integrity of the Medivac Limited's web site. We have not been engaged to report on the integrity of the Medivac Limited's web site. The auditor's report refers only to the financial report and remuneration report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck
Chartered Accountants
ABN 16 021 300 521

Leo Tutt

L.E. Tutt
Partner
Sydney, 19 September 2011

Additional Information Required by Australian Stock Exchange

The following additional information, which is required to be disclosed by the Australian Stock Exchange Listing Rules, has been prepared as at 16 September 2011.

Security Classes and Holders of each Security Class & Attached Voting Rights

Class of Security	Number of Security Holders	Voting Rights
Fully paid ordinary shares	1,799	One vote per share with no restrictions
Unlisted options to purchase ordinary shares at:		No voting rights attach to ownership of any options. All shares issued on exercise of options have the same voting rights as other ordinary shares
- 18 cents per share, expiring on 30 November 2011	3	
- 12 cents per share, expiring on 15 July 2012	1	
- 3 cents per share, expiring on 30 November 2012	9	
- .0076 cents per share, expiring on 05 May 2015	1	

RANGE OF SHARES ISSUED - AS AT 16 September 2011

There were 1,862,161,293 shares held by 1,799 shareholders.

Range	Holders
1 - 1,000	359
1,001 - 5,000	46
5,001 - 10,000	82
10,001 - 100,000	429
100,001 and over	883
Total	1,799

Holders of Less than Marketable Parcels of Ordinary Shares

As at 16 September, 2011, 1,093 shareholders held parcels of shares worth less than the minimum marketable parcel of $500.

Substantial Shareholders

The following Shareholders are recorded as being Substantial Shareholders as at 16 SEPTEMBER 2011, in accordance with section 715 of the Corporations Act 2001.

Name of Shareholder	Class of Security	Number of Securities Held
Copulos Group (Citywest Corp Pty Ltd, Copulos	Ordinary fully paid shares	325,406,550

Superannuation Pty Ltd & Supermax Pty Ltd)

TOP 20 SHAREHOLDERS – AS AT 16 SEPTEMBER 2011

	Number Of Shares	Held %
Copulos Group (Supermax Pty Ltd and HSBC Custody Nominees (Australia) Limited as custodian for Citywest Corp Pty Ltd and Eyeon Investment Pty Ltd)	325,406,550	17.25
HSBC Custody Nominees (Australia) Limited <CW A/C>	64,693,369	3.47
Mitropoulos Nominees Pty Ltd <Super Fund Account>	50,000,000	2.65
NLG Dental Pty Ltd	45,903,486	2.43
Mrs Louise Adele Callaway	36,850,000	1.95
Alpha Securities Pty Ltd	28,851,414	1.53
United Central Pty Ltd <Staff Super Fund A/C>	28,034,286	1.49
Mr. Darren Walter Rudrum	26,000,000	1.38
Mr. Peter Lawrence Steve	22,325,000	1.18
ABN AMRO Clearing Sydney Nominees Pty Ltd	18,973,107	1.11
Panita Pty Ltd	17,000,000	0.90
Mrs. Vicki Lagouvardos	16,720,100	0.89
Strangiato Nominees Pty Ltd	15,800,000	0.84
D & B Rachelle Pty Ltd <D & B Rachelle Family A/C> <The BH&P Superfund A/C>	15,595,000	0.83
Mr. Maurizio Polizzi	15,236,013	0.81
Notarianni Nominees Pty Ltd <Notarianni Investment A/C>	15,000,303	0.80
Stier Kapitaal Pty Ltd	15,000,000	0.80
Mr Branko Jurejevcic	13,000,000	0.69
Dutchess Opportunity II LP	12,727,273	0.67
Mr. Joshua Goldhirsch	10,000,000	0.53
Top 20 Total	793,115,901	42.06

Restricted Securities

Class of Security	**Final Date of Escrow Period**	**Number of Shares**	**Number of Shareholders**
Ordinary Shares	-	-	-
		-	-

Quotation of Securities
Ordinary shares are listed for quotation on the Australian Stock Exchange (Share Code: MDV)

Share Buy-Backs
There is no current on-market buy back of shares.

CORPORATE DIRECTORY

DIRECTORS

Paul McPherson (Executive Chairman)
John Evans
Peter Steve
Reba Meagher
Helen Owens

SHARE REGISTRY

Link Market Services Limited
ANZ Building, Level 19, 324 Queen Street
Brisbane QLD 4000
Telephone (02) 8280 7454
Facsimile (02) 9287 0303

COMPANY SECRETARY

Malcolm Lucas-Smith

AUDITORS

William Buck
Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone (02) 8263 4000
Facsimile (02) 8263 4111

REGISTERED OFFICE

3 Binney Road,
Kings Park, NSW 2148
Telephone (02) 9630 0633
Facsimile (02) 9630 0533

BUSINESS OFFICE

3 Binney Road,
Kings Park, NSW 2148
Telephone (02) 9630 0633
Facsimile (02) 9630 0533
E-mail info@medivac.com.au
Website www.medivac.com.au

POSTAL ADDRESS

PO Box 656
Baulkham Hills NSW 1755

PATENT ATTORNEY TO THE COMPANY

Shelston IP
Level 21, 60 Margaret Street
Sydney NSW 2000
Telephone (02) 9777 1111
Facsimile (02) 9241 4666

SOLICITORS TO THE COMPANY

Mills Oakley
Level 6
530 Collins Street
Melbourne 3000
Telephone (03) 9670 9111
Facsimile (03) 9605 0933