



CareFlight (NSW) Limited
(a company limited by guarantee)

ACN 003 093 445

ANNUAL FINANCIAL REPORT
30 APRIL 2010



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CAREFLIGHT (NSW) LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial report of CareFlight (NSW) Limited ("CareFlight") and of the Group, being CareFlight and its subsidiaries, for the financial year ended 30 April 2010 and the Auditor's report thereon.

1. Introduction

The year was dominated by four major events, each of which, in its own way, continues to play a significant role in shaping our future:

- CareFlight was successful in winning a major contract to provide an interim aero-medical service in the Top End of the Northern Territory
- CareFlight moved into a new headquarters building at Northmead, in close proximity to our operational facilities in the grounds of Westmead Hospital
- In May 2009 NRMA Insurance gave notice that it would be bringing to a close its longstanding sponsorship of CareFlight on 30 June 2010
- On 18 November 2009 a CareFlight medical team was involved in a major incident when the pilot of the chartered aircraft (owned and operated by Pel-Air Aviation) on which they were deployed was forced to ditch in the ocean off Norfolk Island

Each of these events, and their impact on the organisation, is dealt with below.

In the midst of these events, the principal activity of CareFlight continues to be:

"To save lives, speed recovery and serve the community by providing the highest standard of rapid response critical care"

2. Interim Top End Aero Medical Service

In February this year the Government of the Northern Territory ("NT Govt") engaged CareFlight to provide interim fixed wing aero-medical services in the Top End. Under the contract CareFlight will provide:

- Fixed wing turbo-prop aircraft and aircrew
- Nursing staff
- Logistics and co-ordination support for the service

The interim contract will commence on 1 July 2010 and run for six months until 31 December 2010. The NT Govt has an option to extend the interim contract for a further period of six months, potentially taking the interim contract term out to 30 June 2011. The interim contract is designed to bridge the service gap between the termination of the existing provider's contract (effective 30 June 2010) and the award of a long-term (ten years) contract by the NT Govt.

Working with the NT Govt, we have developed an Implementation Plan to ensure a seamless change-over from the existing service provider. The change-over will take place at midnight on 30 June 2010.

The new services, together with the existing rotary wing and jet air ambulance services already provided to the NT Govt by CareFlight under existing contractual arrangements, mean that CareFlight will provide the complete interim aero-medical services solution to the people of the Top End. The new services are a natural extension of our existing core business. They build on our substantial fixed wing air ambulance business which operates both domestically and internationally.

The tender for the long-term contract closed on 14 April 2010. We have lodged a bid which, if successful, will be transformational for CareFlight. Operationally, it will shift the organisation's centre of gravity from New South Wales to the Northern Territory. Financially, it will significantly increase CareFlight's fee for service revenue. Organisationally, it will give CareFlight much greater scale, enhancing our capacity to deliver and sustain our life-saving service.

3. New Headquarters Building

Funded by a generous \$2.2million grant from the Motor Accidents Authority ("MAA"), we purchased a brand new building to serve as our corporate headquarters.

CAREFLIGHT (NSW) LIMITED DIRECTORS' REPORT



The contract to purchase the building was settled on 11 June 2009. The fit-out of the building commenced in July and we moved in over the Labour Day long weekend (3-5 October 2009). The new building provides a much improved working environment for our headquarters staff. From a brand perspective, the new building is far more in keeping with the professionalism of the organisation than the demountables that served as our administrative headquarters for so many years.

The financial impact of the MAA grant is reflected in the financial statements which appear at pages 14 to 43. The grant contributed \$2.200million of our \$2.222million surplus and boosted our capital by a corresponding amount. Without the grant, we would have had a surplus of \$22,000, essentially a break-even result.

4. Termination of NRMA Sponsorship

The NRMA sponsorship of CareFlight will come to an end on 30 June 2010, bringing to a close a twenty year association between two iconic brands. Just as CareFlight has evolved and changed over the last few years, so has NRMA, which wishes to change the focus of its community engagement. After a period of consultation and discussion, and lengthy notice, our two organisations will part company on the best of terms. The personal relationships and friendships developed at many levels of our respective organisations will endure. We know that our many longstanding supporters within the ranks of NRMA staff will continue to support CareFlight.

Over the twenty year term of the sponsorship NRMA invested more than \$30million in CareFlight. That financial support came through a combination of recurrent sponsorship funding, a number of major one-off grants and \$11.2million in funding for our Head Injury Retrieval Trial. The contribution from NRMA extended well beyond direct financial support. CareFlight was able to draw on the high level corporate skills and expertise within NRMA to assist in various projects. At crucial times in our history we received strong political support from NRMA. As an organisation, we are immensely grateful for and appreciative of both the financial and the non-financial support received from the NRMA over so many years.

To replace the NRMA sponsorship revenue, we have developed a Corporate Partnership Program, which we are now implementing. Essentially, that program is designed to identify and attract a small number (no more than half a dozen) of corporate partners that share a synergy with our brand and operation, and provide each of them with an avenue for meaningful brand promotion and community partnership. The idea is to develop a unique value proposition for each partner. Importantly, however, there will be no single name sponsor, as was the case with the NRMA sponsorship.

With the ending of the NRMA sponsorship, the "NRMA" name will cease to be part of our corporate branding. Accordingly, we will no longer call ourselves "NRMA CareFlight" and will be known simply as "CareFlight".

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5. Norfolk Island Medivac Jet Ditching

On the night of Wednesday 18 November 2009 a Pel-Air Aviation medi-jet, chartered by CareFlight, went down in the ocean off Norfolk Island with six people on board, including two CareFlight medical crew and their patient. Incredibly, all on board managed to evacuate the aircraft and were rescued.

Our crew on the mission were Dr David Helm and Nurse Karen Casey. David suffered no serious injury and returned to work shortly after the incident. Sadly, Karen sustained a serious injury which is likely to keep her out of the workforce for some time.

Reports of David's and Karen's great courage and professionalism emerged after the incident. It was due to David's quick thinking and actions that the patient was safely extricated from the aircraft, and both he and Karen continued to care for the patient until they were rescued from the water some ninety minutes after the ditching. The Directors speak for everyone at CareFlight when we say that we are immensely proud to call David and Karen our colleagues.

The incident prompted a Civil Aviation Safety Authority (CASA) safety audit of Pel-Air and an Australian Transport Safety Bureau (ATSB) enquiry into the incident. At the time of writing the final ATSB Report had not yet been released.

Following the ditching Pel-Air voluntarily grounded its fleet of medi-jets and put all its pilots through a program of re-validation and checking to ensure that the pilots met the necessary standards and had the requisite knowledge to carry out their missions. After completing this re-validation and checking process, and working with CASA to resolve the issues arising out of the safety audit, Pel-Air progressively resumed operations. However, full business momentum was not restored until early January 2010. Accordingly, in addition to the personal trauma suffered by our crew and patient, the organisation sustained significant loss of business while the Pel-Air aircraft were off-line.

This was the most serious safety incident in CareFlight's 24 year history – an incident which, were it not for great good fortune, could have resulted in six fatalities. The incident prompted us to hold an internal debrief from which we took a number of learnings. We revised our systems and procedures to take account of those learnings and also adopted some immediate risk mitigators.

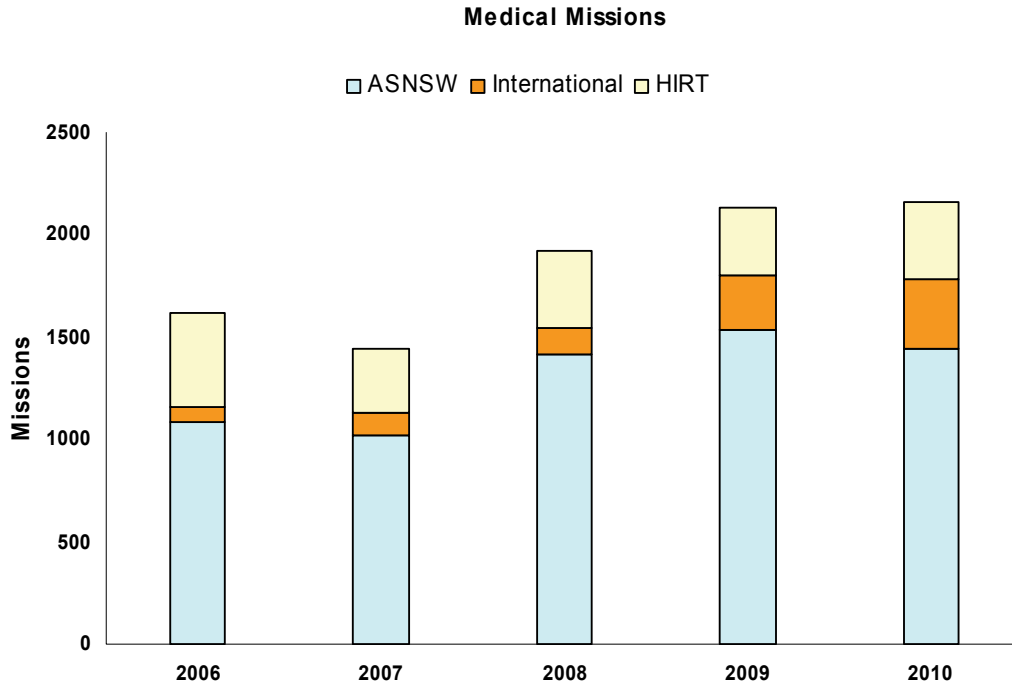
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6. Operating Performance

Throughout this year of change, we maintained the high operating standards that are the hallmark of the CareFlight service.

Medical Services

Medical mission numbers grew marginally compared to last year.



While many organisations in the not-for-profit sector grapple to measure their social impact, in the case of CareFlight mission numbers are a direct proxy for social impact. They reflect CareFlight's direct impact on the communities that CareFlight serves, in the form of lives saved or lives enhanced through better clinical outcomes. These missions are at the heart of what CareFlight does – they are our core business.

Helicopter Services

Our helicopter teams flew a total of 818 flying hours, a 7% increase on the 764 flying hours recorded in the previous financial year. All of the growth has come in our northern helicopter operations, where we are now averaging around 68 flying hours per month.

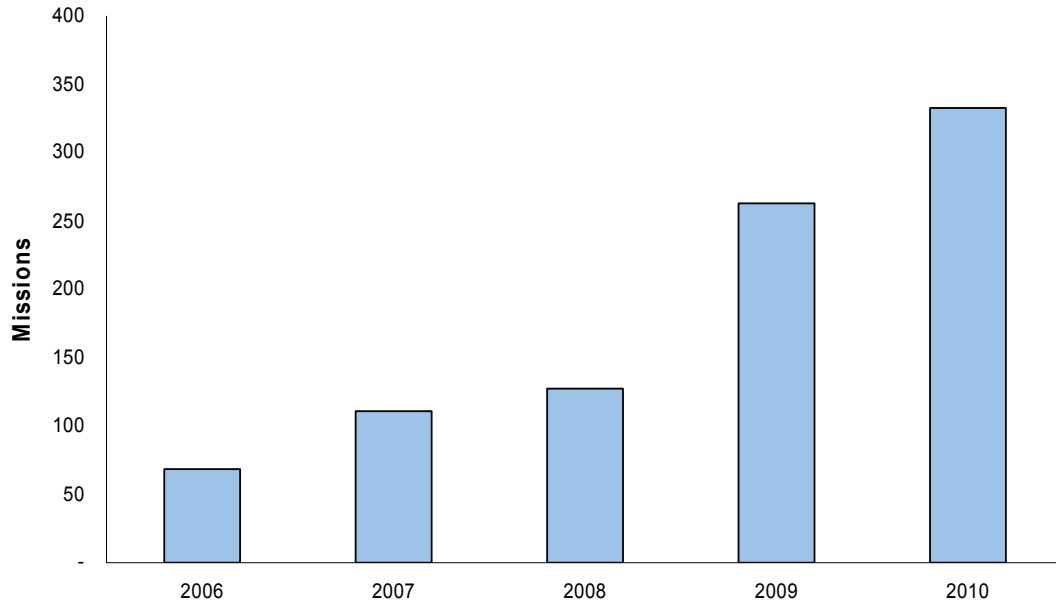
Over the four month period January to April 2010 our engineering team conducted a major overhaul and re-fit of our BK117B helicopter VH-IME. The off-line time required for the overhaul was made possible by extending the lease of the BK117B helicopter VH-BIF that we have been using to support our Defence Force aero-medical evacuation work.

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Medi-jet Services

Despite the impact of the Norfolk Island incident detailed above, our medi-jet operation, which trades under the banner "CareFlight International Air Ambulance", had another record year in terms of mission numbers.

CareFlight International Air Ambulance Missions



Fundraising and Community Engagement

Our Fundraising Department was affected by a drop in NRMA sponsorship revenue (down from \$1.6million to \$0.7million) and by some headwinds in corporate and major donations, which we attribute to the Global Financial Crisis. However, our core fundraising programs (telemarketing and direct mail), which are reliant on small individual donors, proved resilient and in fact showed modest growth. We continue to see great promise in programs currently underway to migrate donors from our telemarketing and direct mail data bases to regular giving and bequest programs.

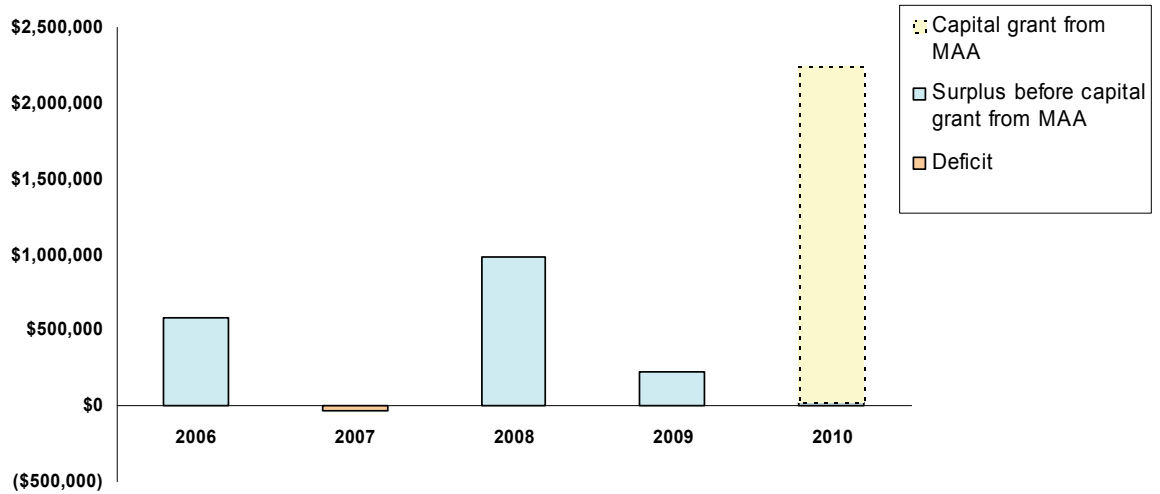
Our bequest program had its best year ever, with CareFlight receiving bequests totalling \$482,870 during the course of the financial year. The bulk of that revenue came from two estates – the Bridgford Estate (\$288,633) and the Connie Wilson Estate (\$114,217).

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7. Financial Position

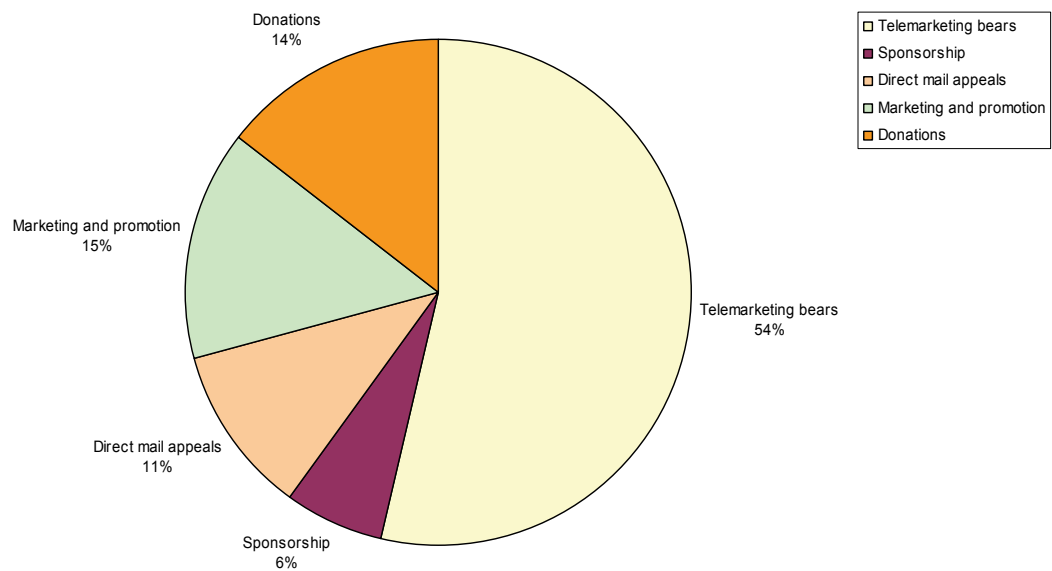
We ended the year with a surplus of \$2,222,919 (2009: surplus of \$226,866). As is reflected in the chart below, nearly all of that surplus came from the MAA grant for the purchase of our new headquarters building. At an operating level, we had a surplus of only \$65,761. However, the operating surplus was adversely affected by a significant exchange rate driven write-down in the value of our aircraft (\$887,267), only part of which (\$844,425) was able to be absorbed by our asset revaluation reserve.

Net surplus/(deficit)



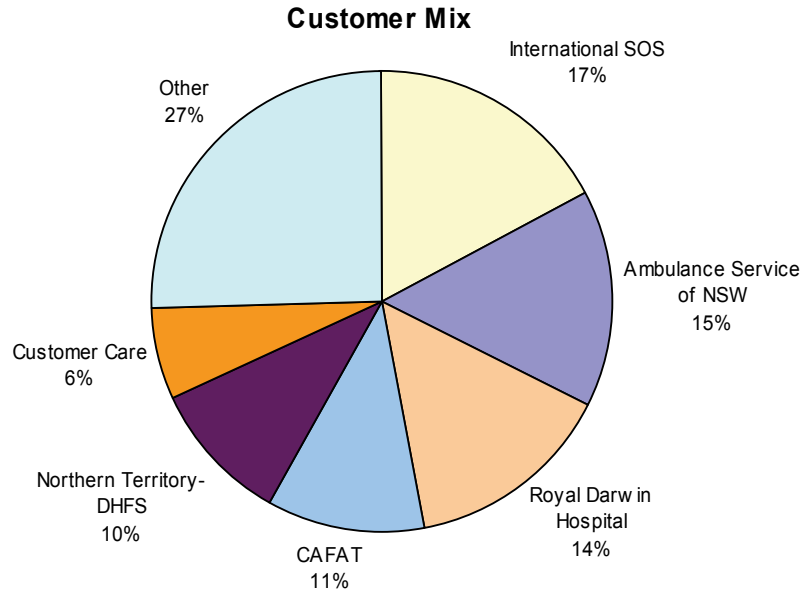
Total fundraising revenue (including corporate sponsorship) amounted to \$11,174,365.

Fundraising Revenue Mix

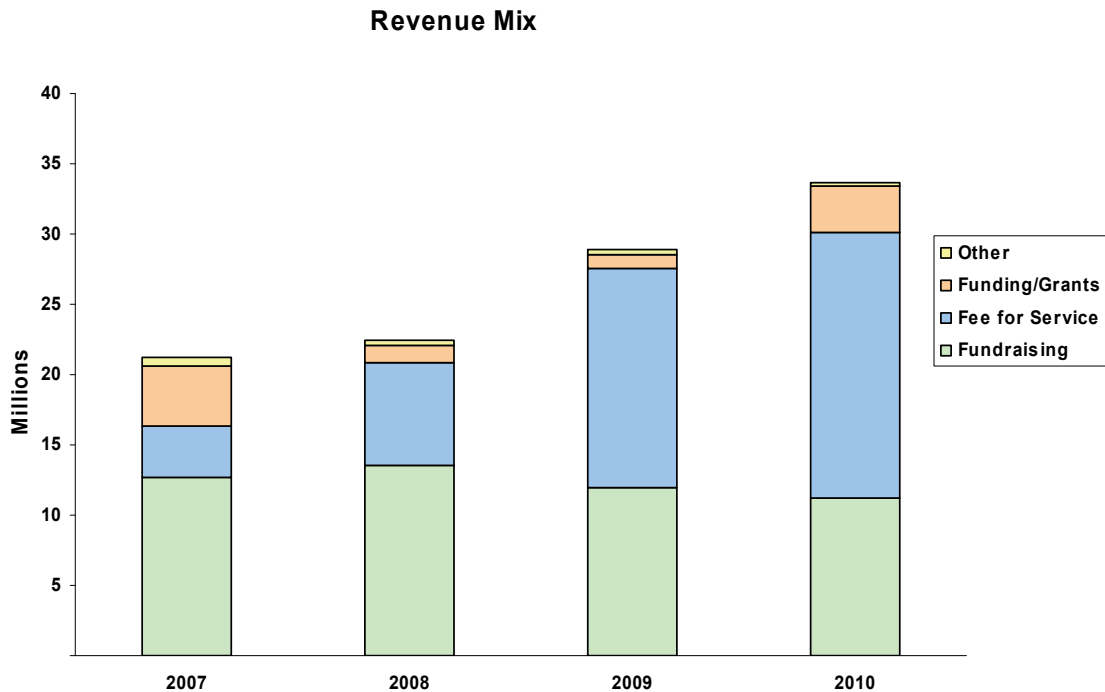


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Total fee for service revenue amounted to \$18,982,255 (2009: \$15,612,356). The fee for service customer mix is shown below. The segment for InternationalSOS includes our revenue from the aero-medical evacuation work we do for the Australian Defence Force. This is because we undertake that work as a sub-contractor to International SOS.



Over the last four years total revenue has grown from \$21,171,901 to \$33,625,417, an increase of 43%. The organisational revenue mix is shown below. The grant revenue for 2010 includes the MAA capital grant of \$2.2million. It will be evident that all the growth in recurring revenue has come from fee for service work.



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8. Dividends

No portion of the income of the Company has been paid or can be paid by way of dividend to the members under the Constitution of the Company.

9. Indemnification and insurance of officers

The Company has provided for and paid premiums totalling \$8,250 during the year for Directors and Officers Liability Insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any acts or omissions (other than dishonesty) by Directors and Officers, while acting in their individual or collective capacity as Directors or Officers of the Company.

10. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 49 and forms part of the Directors' Report for the financial year 2010.

11. Events subsequent to reporting date

On 4 March 2010 CareFlight (NSW) Limited lodged an application with the Australian Securities and Investment Commission to deregister its subsidiaries: CFT Helicopter Pty Ltd (ACN 130 098 029) and Shadowstone Pty Ltd (ACN 051 222 809). Both subsidiaries were deregistered on 5 May 2010, subsequent to the balance date.

CAREFLIGHT (NSW) LIMITED DIRECTORS' REPORT

12. Director details

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Age	Experience and special responsibilities
Ian BADHAM OAM, BSc Media Relations Manager Executive Director	64	<ul style="list-style-type: none"> • Extensive experience in journalism and corporate administration and the development of civil helicopter rescue services in Australia since 1971. • Director since 9 May 1986.
Sean BEEHAN MB, ChB, FANZCA Independent Non-Executive Director	52	<ul style="list-style-type: none"> • Specialist anaesthetist in public hospital system, private practice and retrieval medicine. • Operational CareFlight crew doctor from 1989 till 2006. • Former Medical Director of CareFlight. • Director since 18 July 2002.
David BOWEN BA, Dip Law Independent Non-Executive Director	53	<ul style="list-style-type: none"> • Extensive experience in the insurance industry and in government legal administration. • Chief Executive Officer, Lifetime Care and Support Authority. • Member of the Audit Committee. • Director since 18 December 2007.
Derek COLENBRANDER BA, LLB Chief Executive Officer Executive Director	56	<ul style="list-style-type: none"> • Long career in private legal practice as a corporate and commercial lawyer, followed by general management experience. • Solicitor and Notary Public. • Director since 19 December 2003.
Garry DINNIE BComm, FCA, FAICD, MIIA (Aust) Independent Non-Executive Director	58	<ul style="list-style-type: none"> • Extensive experience in financial and accounting matters, risk management and regulatory regimes with broad-based business experience across a number of industries. • Former senior partner of a leading accounting firm. • Chairman of the Audit Committee. • Director since 23 February 2010.
Gary DRANSFIELD Independent Non-Executive Director	46	<ul style="list-style-type: none"> • Extensive experience in banking and financial services, information technology and insurance industry. • Former Head of Retail Sales and Service, Insurance Australia Group. • Former Chairman of the Audit Committee. • Appointed 15 June 2007. • Resigned 26 August 2009.

CAREFLIGHT (NSW) LIMITED DIRECTORS' REPORT

Name, qualifications and independence status	Age	Experience and special responsibilities
Andrew REFSHAUGE MB, BS, FAICD Chairman Non-Executive Director	61	<ul style="list-style-type: none"> • Extensive experience at the highest levels of government. • Former Deputy Premier of NSW, former Treasurer and Minister for Health, Planning, Housing, Education, Training, State Development and Aboriginal Affairs. • Former medical practitioner. • Director and Chairman since 18 December 2007.
John SZANGOLIES FAICD, FCIA Independent Non-Executive Director	63	<ul style="list-style-type: none"> • Extensive experience in marketing and corporate administration and the hospitality and catering industry. • Founder and CEO of Bavarian Hospitality Group Pty Ltd. • Member of the Audit Committee. • Director since 31 August 2004.

12. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board		Audit Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
I Badham	9	8	-	-
S Beehan	9	7	-	-
D Bowen	9	6	2	1
D Colenbrander	9	9	-	-
G Dinnie	5	4	1	1
G Dransfield	2	1	1	1
A Refshauge	9	9	-	-
J Szangolies	9	7	2	2

13. Corporate governance statement

Board of Directors

The Company's Constitution provides for at least three Directors and such greater number as the Directors may determine. The Board currently comprises seven directors, five of whom are non-executive directors.

Role of the Board

The Board:

- provides strategic leadership and direction for CareFlight
- sets management's goals and approves the annual budget
- progressively monitors and reviews the Company's risk management strategies including the integrity of internal control and management information systems.

The Board may, subject to the Corporations Act and CareFlight's Constitution, delegate a range of functions, powers and duties to committees and Management.

The Board monitors and reviews the Company's compliance with its statutory obligations, not only to meet the Company's legal obligations, but also to provide assurance to the thousands of generous CareFlight supporters that their decision to support CareFlight is making a difference in the community.

CAREFLIGHT (NSW) LIMITED DIRECTORS' REPORT

Chief Executive Officer

The Board appoints and monitors the performance of the Chief Executive Officer (CEO). The Board approves the terms of employment of the CEO.

The CEO is accountable to the Board for the management of CareFlight within the policy and delegated authority levels approved by the Board. The CEO's responsibilities include:

- advising the Board on strategic direction
- ensuring business activities are in accordance with CareFlight's annual operating plan
- keeping the Board informed of all major business proposals and developments through regular reports and
- ensuring the Company conducts its affairs within the law.

Board processes

The Board meets at least six times a year and meets on an ad hoc basis to address specific significant matters. To assist in the execution of its responsibilities, the Board may establish committees. The Board has established the Audit Committee. Meetings attended by Directors during the financial year are recorded in the Directors' Report.

Director education

The Company has a formal process to educate new directors about the nature of the business, current issues, corporate strategy and expectations concerning the performance of directors. Directors also have the opportunity to visit the Company's operational bases and meet Management to gain a better understanding of the business.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives. Subject to prior approval by the Board Chairman or committee chairman (as appropriate), the Board, an individual director or a committee may engage an independent external adviser, at the Company's expense, in relation to any Board or committee matter.

Composition of the Board

The names of the Directors in office at the date of this report are set out in the Directors' Report. The Board is constituted in accordance with the Company's Constitution. The Board will comprise:

- reflecting the need for talent, commercial acumen and diversity - a mix of people with a broad range of skills, qualifications and experience;
- reflecting the need for financial expertise - at least one person with financial experience;
- reflecting the medical focus of CareFlight - at least one person with a medical background.

No director may retain office for more than three years without submitting for re-election. Any director, who, at the time he or she submits for re-election at an annual general meeting, has then held office for a continuous period of more than eight years, may only be re-elected by special resolution.

Remuneration policies

Subject to the qualification in the next paragraph, the non-executive Directors serve in an honorary capacity and no remuneration is payable to them for their services as Directors. They are however entitled to reimbursement of any out-of-pocket expenses incurred by them in the performance of their duties and responsibilities as Directors.

The Chairman receives an allowance in recognition of huge commitment of time he provides in undertaking activities above and beyond the normal role of a Board Chairman. In addition two executive Directors receive remuneration in their roles as salaried officers. In accordance with the requirements of the NSW Charitable Fundraising Act 1991, these arrangements have been approved by:

- the Minister for Gaming & Racing under Section 48 of the Act;
- the CareFlight Board which approved the remuneration packages as being on reasonable commercial terms;
- a meeting of Members which confirmed the appointments, conditions of service and remuneration of the two executive Directors;
- a meeting of Members which confirmed the allowance paid to the Chairman.

The Board considers the remuneration of the CEO and senior management and agrees the broad bands of salary levels for staff in general. The Board may obtain independent advice on the appropriate level of remuneration packages.

CAREFLIGHT (NSW) LIMITED DIRECTORS' REPORT

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities by reviewing the financial information to be provided to Members and other stakeholders and assessing the adequacy of internal control systems, accounting policies and the audit process. The Committee comprises three Directors, all of whom are non-executive Directors.

The names of the Directors who were members of the Audit Committee during the year are set out in the Directors' Report. The Committee met on two occasions during the year and Committee members' attendance is recorded in the Directors' Report.

The Company's external Auditor, the CEO and the Finance Manager are invited to Audit Committee meetings at the discretion of the Committee.

Risk management

The Board considers that risk management and compliance underpin sound management and that oversight of these matters is an important responsibility of the Board. The Company has developed a risk management plan which has been approved by the Board. The plan identifies the Company's key strategic, operational, legal, reputational and financial risks and provides a framework for the periodic review and assessment of these risks.

The Board requires the CEO and the Finance Manager to provide certification that the Company's financial reports are based on a sound system of risk management and internal control. From a risk management perspective this certification is supported by:

- the financial, operational and strategic reporting which occurs in the context of the Board papers and Board meetings
- the annual audit conducted by the Company's external Auditor
- the review function of the Audit Committee and
- the periodic assessment by the Board of the risks identified in the risk management plan.

Communication with Members

The principal avenues of communication with Members are through the monthly e-update newsletter, quarterly newsletter to supporters and the Company website (www.careflight.org). Prior to, and for purposes of the annual general meeting, the Company distributes to Members:

- the Annual Report for the Company which includes summarised financial statements and
- the audited financial statements of the Company.

The external Auditor attends the annual general meeting of Members to answer questions concerning the conduct of the audit, the preparation and content of the Auditor's report, accounting policies adopted by the Company and the independence of the Auditor in relation to the conduct of the audit.

Ethical standards

Directors and employees are expected to act with the highest ethical standards, having regard to CareFlight's mission and values, its charitable status and its community service ethos.

Conflict of interests

Directors are required to keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Company. Subject to the Corporations Act and the Constitution, Directors are required to absent themselves from Directors' meetings where matters in which Directors have a material personal interest are to be considered.

Code of conduct

The Board has approved a code of conduct that requires employees to conduct themselves ethically, with integrity and in a professional manner so as to achieve the highest standards of behaviour.

The Board supports and observes the Code of Conduct for Directors issued by the Australian Institute of Company Directors.

CAREFLIGHT (NSW) LIMITED DIRECTORS' REPORT

15. Thank you

We would like to acknowledge and thank the MAA for the generous grant of \$2.2million made to CareFlight for the purpose of funding the purchase price of our corporate headquarters building at the corner of Redbank Road and Barden Street, Northmead.

Thank you also to our major corporate sponsor NRMA for their support over the past twenty years.

We remain ever mindful that it is the cumulative power of many small donations which sustains CareFlight's service to the community. To our many loyal supporters and donors in the community, we extend our heartfelt appreciation for your continuing support.

Finally, no report on CareFlight would be complete without recognising the contribution, commitment and passion of our exceptionally dedicated people. We thank them for their service to the company, for their enthusiasm and for their willingness to embrace new challenges and adapt to the rapidly changing environment in which we operate. It is that enthusiasm and willingness, harnessed by a culture of transparency and accountability, which is driving the success of the organisation.

Signed in accordance with a resolution of the Directors:

Andrew Refshauge
Chairman

Derek Colenbrander
Chief Executive Officer

Dated at Sydney on 29 June 2010

CAREFLIGHT (NSW) LIMITED

Statements of comprehensive income
for the year ended 30 April 2010

Note	Consolidated		Company	
	2010	2009	2010	2009
	\$	Restated \$	\$	Restated \$
Ambulance Service of NSW	2,872,596	2,788,528	2,872,596	2,788,528
Motor Accidents Authority	3,200,000	1,000,000	3,200,000	1,000,000
Northern Territory Department of Health and Family Services	1,914,456	382,200	1,914,456	382,200
Aero-medical and other retrieval revenue	14,420,209	12,712,653	14,420,209	12,712,653
Fundraising	11,174,365	11,941,279	11,174,365	11,941,279
Other revenue	-	2,655	-	2,655
Total revenue	33,581,626	28,827,315	33,581,626	28,827,315
Operations and administration - costs of personnel	11,341,510	10,219,115	11,341,510	10,219,115
Direct costs of medical and helicopter retrieval	10,464,896	9,484,825	10,464,896	9,484,825
Costs of fundraising	5,513,650	5,605,319	5,513,650	5,605,319
Depreciation and amortisation	1,213,561	968,008	1,213,561	968,008
Insurance	410,713	342,257	410,713	342,257
Professional fees	798,978	690,077	798,978	690,077
General overheads	1,128,568	1,170,142	1,128,568	1,170,142
Devaluation of helicopters	42,842	-	42,842	-
Net loss on sale of non-current assets	26,045	7,520	26,045	7,520
Total expenditure	30,940,763	28,487,263	30,940,763	28,487,263
Surplus before net finance	2,640,863	340,052	2,640,863	340,052
Finance income	43,791	388,040	43,791	388,040
Finance expense	(461,735)	(501,226)	(461,735)	(501,226)
Net finance expense	(417,944)	(113,186)	(417,944)	(113,186)
Net surplus for the year	2,222,919	226,866	2,222,919	226,866
Other comprehensive income				
Devaluation of helicopters	(844,425)	(292,404)	(844,425)	(292,404)
Total comprehensive income for the year	1,378,494	(65,538)	1,378,494	(65,538)

Statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 18 to 43.

CAREFLIGHT (NSW) LIMITED

Statements of changes in equity

Note	Consolidated			Company		
	Revaluation Reserve	Retained Surplus	Total	Revaluation Reserve	Retained Surplus	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 May 2008	1,136,829	4,558,357	5,695,186	1,136,829	4,558,357	5,695,186
Total comprehensive income for the period						
Net surplus	-	226,866	226,866	-	226,866	226,866
<i>Other comprehensive income</i>						
Devaluation	(292,404)	-	(292,404)	(292,404)	-	(292,404)
Total comprehensive income for the period	(292,404)	226,866	(65,538)	(292,404)	226,866	(65,538)
Transactions with owners	-	-	-	-	-	-
Balance at 30 April 2009	844,425	4,785,223	5,629,648	844,425	4,785,223	5,629,648
Balance at 1 May 2009	844,425	4,785,223	5,629,648	844,425	4,785,223	5,629,648
Total comprehensive income for the period						
Net surplus	-	2,222,919	2,222,919	-	2,222,919	2,222,919
<i>Other comprehensive income</i>						
Devaluation	(844,425)	-	(844,425)	(844,425)	-	(844,425)
Total comprehensive income for the period	(844,425)	2,222,919	1,378,494	(844,425)	2,222,919	1,378,494
Transactions with owners	-	-	-	-	-	-
Balance at 30 April 2010	-	7,008,142	7,008,142	-	7,008,142	7,008,142

The statements of changes to equity is to be read in conjunction with the notes to the financial statements set out on pages 18 to 43

CAREFLIGHT (NSW) LIMITED

Statements of financial position as at 30 April 2010

	Note	Consolidated		Company	
		2010 \$	2009 \$	2010 \$	2009 \$
Current assets					
Cash assets	10	2,713,318	3,200,954	2,713,317	3,200,953
Receivables	11	2,897,996	2,827,751	2,897,996	2,827,751
Inventories	12	209,513	306,733	209,513	306,733
Investments	13	1	1	2	2
Other	14	406,286	441,969	406,286	441,969
Total current assets		6,227,114	6,777,408	6,227,114	6,777,408
Non-current assets					
Helicopter	15	5,752,688	7,070,011	5,752,688	7,070,011
Land and buildings	16	2,163,344	-	2,163,344	-
Property, plant and equipment	16	2,647,296	2,008,234	2,647,296	2,008,234
Total non-current assets		10,563,328	9,078,245	10,563,328	9,078,245
Total assets		16,790,442	15,855,653	16,790,442	15,855,653
Current liabilities					
Payables	17	3,756,839	4,310,381	3,756,839	4,310,381
Interest bearing liabilities	18	3,173,244	2,639,261	3,173,244	2,639,261
Provisions	19	710,261	602,405	710,261	602,405
Total current liabilities		7,640,344	7,552,047	7,640,344	7,552,047
Non-current liabilities					
Interest bearing liabilities	18	1,964,867	2,583,278	1,964,867	2,583,278
Provisions	19	177,089	90,680	177,089	90,680
Total non-current liabilities		2,141,956	2,673,958	2,141,956	2,673,958
Total liabilities		9,782,300	10,226,005	9,782,300	10,226,005
Net assets		7,008,142	5,629,648	7,008,142	5,629,648
Capital funds					
Reserves	20	-	844,425	-	844,425
Retained surplus	21	7,008,142	4,785,223	7,008,142	4,785,223
Total capital funds		7,008,142	5,629,648	7,008,142	5,629,648

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 18 to 43.

CAREFLIGHT (NSW) LIMITED

Statements of cashflows
for the year ended 30 April 2010

Note	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Cashflows from operating activities				
	36,565,957	30,543,606	36,565,957	30,543,606
	(32,939,265)	(29,889,619)	(32,939,265)	(29,889,619)
8	43,791	388,040	43,791	388,040
8	(461,735)	(501,226)	(461,735)	(501,226)
24	3,208,748	540,801	3,208,748	540,801
Cashflows from investing activities				
16	(3,500,584)	(549,909)	(3,500,584)	(549,909)
	-	(346,032)	-	(346,032)
	-	(3,400,000)	-	(3,400,000)
	299,231	192,214	299,231	192,214
	(3,201,353)	(4,103,727)	(3,201,353)	(4,103,727)
Cashflows from financing activities				
	(495,031)	(1,517,233)	(495,031)	(1,517,233)
	-	3,400,000	-	3,400,000
	(495,031)	1,882,767	(495,031)	1,882,767
	(487,636)	(1,680,159)	(487,636)	(1,680,159)
	3,200,954	4,881,113	3,200,953	4,881,112
10	2,713,318	3,200,954	2,713,317	3,200,953

The statements of cashflows are to be read in conjunction with the notes to the financial statements set out on pages 18 to 43.

CAREFLIGHT (NSW) LIMITED

Notes to financial statements

1. Reporting entity

CareFlight (NSW) Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 4-6 Barden Street, Northmead, NSW 2152. The consolidated financial statements of the Company as at and for the year ended 30 April 2010 comprise the Company and its subsidiaries CFT Helicopter Pty Ltd and Shadowstone Pty Ltd (together referred to as the 'Group'). The principal activity of the Company is the operation of a medical rescue helicopter service.

The Company is limited by guarantee.

In the event of the Company being wound up, a member's liability for the Company's debts and liabilities, costs, charges and expenses of winding up and adjustment of the rights of the contributories among themselves, is limited to an amount as may be required, not exceeding ten dollars (\$10.00). Members are liable on the above basis up to one year after they cease to be members.

At 30 April 2010, the Company has 26 Members (2009: 25), 7 (2009: 7) of whom were Directors of the Company.

2. Basis of preparation

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AAS) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with Australian equivalent of the International Financial Reporting Standards (AIFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on 29 June 2010.

b) Basis of measurement

The financial report is prepared on the historical cost basis except for helicopters, which are stated at their fair values.

c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

d) Use of estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 15 – valuation of helicopters
- Note 19 – provisions and contingencies
- Note 22 – valuation of financial instruments
- Note 23 – accounting for an arrangement containing a lease

CAREFLIGHT (NSW) LIMITED

2. Basis of preparation (continued)

e) Going concern

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities, the realisation of assets, and settlement of liabilities in the ordinary course of business. In the year ended 30 April 2010, the Group reported a surplus of \$2,222,919. At year end, current liabilities exceeded current assets by \$1,413,230. This is because the hire purchase agreement with Westpac Banking Corporation for the BK 117 VH-IME aircraft will expire before 30 April 2011, requiring the total liability under the hire purchase agreement to be stated as a current liability. This liability will be refinanced or repaid by 30 April 2011.

The Directors note that the value of this aircraft (the BK 117 VH-IME) at balance date is \$2,419,355. Accordingly, should long term refinancing not be possible, the Company has sufficient equity in the aircraft to facilitate the full repayment of the debt.

f) Changes in accounting policies

Commencing 1 May 2009, the Group has changed its accounting policies in the following areas:

- Accounting for borrowing costs
- Presentation of financial statements

3. Statement of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date of incorporation. The accounting policies of the subsidiary have been changed when necessary to align them with the policies adopted by the Company.

In the Company's financial statements, investment in the subsidiary is carried at cost.

(ii) Transactions eliminated on consolidation

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

b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

c) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial instruments comprise investments in trade and other receivables, cash and cash equivalents.

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.

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3. Statement of significant accounting policies (continued)

c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when the Group transfers the rights to receive the contractual cash flows from 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 statements 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.

Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in Note 3 i).

(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 statements 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 the following non-derivative financial liabilities: loans and borrowings, trade and other payables.

Such 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.

d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment except helicopters (refer Note 3 d) (vi)) are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses (refer Note 3 e)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with carrying amount of property, plant and equipment and are recognised net within "other income" in statements of comprehensive income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained surplus.

Change in accounting policy

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 July 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of AASB 123 *Borrowing Costs* (2007). In accordance with the transitional provisions of that standard, comparative figures have not been restated. The change in accounting policy had no material impact on net surplus.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

CAREFLIGHT (NSW) LIMITED

3. Statement of significant accounting policies (continued)

d) Property, plant and equipment (continued)

(iii) Depreciation and amortisation

All assets have limited useful lives and are depreciated/amortised over their estimated useful lives.

Assets are depreciated or amortised from the date of acquisition. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are recognised in the statements of comprehensive income. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Helicopters	20 years
Buildings	40 years
Other plant and equipment – owned and leased	2.5 to 10 years
Hangars	40 years

(iv) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's statements of financial position.

(v) Hangar facilities, plant and equipment

The Group has adopted the cost basis for the hangar facilities at Westmead and for plant and equipment.

(vi) Helicopters

The Group has adopted the fair value basis of valuation for the helicopters. As these values are determined on the international market, in US dollars, they may fluctuate from year to year. Revaluation increments on a class of asset basis are recognised in the asset revaluation reserve except to the extent that this reverses an impairment loss which had previously been recognised in the statements of comprehensive income, in which case the reversal of that impairment loss is also recognised in the statements of comprehensive income. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised firstly against the balance of the corresponding asset revaluation reserve. If this reserve is exhausted then the balance is charged directly to the statements of comprehensive income.

e) Impairment

(i) Financial assets

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

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 consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security.

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 are assessed for specific impairment. 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 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

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economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3. Statement of significant accounting policies (continued)

e) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised costs 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 remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statements of comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in retained surplus is transferred to the statements of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs and available-for-sale financial assets that are debt securities, the reversal is recognised in the statements of comprehensive income. For available-for-sale assets that are equity securities, the reversal is recognised directly in retained surplus.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in statements of comprehensive income.

f) Employee benefits

(i) Wages, salaries, annual leave and sick leave

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

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(ii) Superannuation

The Group contributes to employee superannuation funds. Contributions are charged against income as they are incurred. Obligations for superannuation contributions are recognised as a personnel expense in the statements of comprehensive income when they are incurred.

(iii) Long service leave

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the reporting date which have maturity dates approximating the terms of the Group's obligations.

CAREFLIGHT (NSW) LIMITED

3. Statement of significant accounting policies (continued)

g) Revenue

(i) Fundraising goods sold and services rendered

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from services rendered is recognised in the statements of comprehensive income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(ii) Government grants

Recurrent Government grants and capital grants are recognised in the statements of comprehensive income when grants become receivable. Any other Government grant is recognised in the statements of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Company will comply with the conditions attached to it.

Grants that compensate the Company for expenses incurred are recognised as revenue in the statements of comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

(iii) Donation revenue

Donation revenue is brought to account in the period in which it is received.

(iv) Donations of fixed assets

All assets donated to the Company are initially recorded at fair value at the date of acquisition, being the estimated net realisable value of the assets at the date the assets are donated to the Company. This value is recognised as a donation in the statements of comprehensive income.

(v) Donations "in kind"

Donations "in kind" occur from time to time as part of major capital projects. These are recorded as revenue from fundraising in the statements of comprehensive income at fair value, with an equal amount being capitalised to the fixed asset to which they relate.

(vi) Insurance cost recoveries

Claims raised on insurance companies for cost recovery on missions are treated as income when funds are received, since the Group is unable to determine with any degree of certainty whether the claim submitted by the injured party will be successful.

(vii) Other medical and helicopter revenue

Other medical and helicopter revenue is recognised in the statements of comprehensive income when services are provided.

h) Lease payments

(i) Operating lease payments

Payments made under operating leases are recognised in the statements of comprehensive income on a straight-line basis over the term of the lease.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

CAREFLIGHT (NSW) LIMITED

3. Statement of significant accounting policies (continued)

i) Finance income and expense

Finance income and expense comprise interest payable on capitalised leases calculated using the effective interest method, interest receivable on funds invested, foreign exchange gains and losses.

Interest income is recognised in the statements of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statements of comprehensive income using the effective interest method. Finance expense comprises interest expense in borrowings, foreign currency loss and impairment losses recognised on financial assets. All borrowing costs are recognised in the statements of comprehensive income using the effective interest method. Foreign currency gains and losses are reported on a net basis.

j) Goods and services tax

Revenue, expenditure and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the statements of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

k) Income tax

The Company is an authorised fundraiser under the provisions of the Charitable Fundraising Act 1991(NSW) and is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997.

l) Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact to net surplus.

m) New standards and interpretations not yet adopted

The following amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. This is available for early adoption at 30 April 2010, but has not been applied in preparing this financial report.

- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 April 2011 financial statements, are not expected to have a significant impact on the financial statements.

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4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Helicopters

The fair value of helicopters is based on market values. The market value of each helicopter is the estimated amount for which a helicopter could be exchanged on the date of valuation between a willing buyer and a willing seller in such an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

b) Inventory

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

c) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

d) Non-derivative financial liabilities

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 reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's and 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 this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and 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 Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees the monitoring by Management of 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.

a) 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

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demographics of the Group's customers, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

5. Financial risk management (continued)

b) 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.

The Group closely monitors its cash flow requirements to optimise its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

c) 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.

Currency risk

The Group is exposed to currency risk on purchases, borrowings and helicopter acquisitions and disposals that are denominated in a currency other than the functional currency of the Group.

Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed rate basis.

d) 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 senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- 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
- risk mitigation, including insurance where this is effective

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Note	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
6. Motor Accidents Authority				
Recurrent funding	1,000,000	1,000,000	1,000,000	1,000,000
Capital grant	2,200,000	-	2,200,000	-
6 a)	3,200,000	1,000,000	3,200,000	1,000,000

- a) On 11 June 2009, the Company completed the purchase of the land and office building located at 4-6 Barden Street, Northmead, for a purchase price of \$2.2 million exclusive of GST. The purchase price of the property was fully funded by a grant from the Motor Accidents Authority (MAA). It is a term of the MAA grant that the building must be utilised as a headquarters building for CareFlight and that CareFlight must continue to be engaged in the provision of aero-medical retrieval services to the NSW community. The restricted use condition expires after five years. An equitable mortgage over the property has been given by the Company in favour of MAA as security for satisfaction of the restrictive use condition. MAA will retain the Certificate of Title for the five-year restrictive period.

7. Other revenue				
Sundry income	-	2,655	-	2,655
	-	2,655	-	2,655
8. Net finance income and expense				
Interest income	43,791	194,288	43,791	194,288
Foreign currency gain	-	193,752	-	193,752
Finance income	43,791	388,040	43,791	388,040
Finance charges on capitalised leases	460,119	501,226	460,119	501,226
Foreign currency loss	1,616	-	1,616	-
8 a)	461,735	501,226	461,735	501,226
Net finance income and expense	417,944	113,186	417,944	113,186

- a) During the year the Group made a foreign currency loss of \$1,616 by converting cash held in US dollars to Australian dollars

9. Auditor's remuneration				
Audit services:				
Auditors of the Company – KPMG	51,405	50,660	51,405	50,660
Services other than statutory audit				
<i>KPMG Australia</i>				
Advisory and professional services	56,057	102,973	56,057	102,973
	107,462	153,633	107,462	153,633
10. Cash and cash equivalents				
Cash on hand	2,000	2,000	2,000	2,000
Cash at bank – unrestricted	1,927,132	2,507,817	1,927,131	2,507,816
Cash at bank – restricted	784,186	691,137	784,186	691,137
	2,713,318	3,200,954	2,713,317	3,200,953

CAREFLIGHT (NSW) LIMITED

	Note	Consolidated		Company	
		2010 \$	2009 \$	2010 \$	2009 \$
11. Receivables					
Trade debtors		2,897,996	2,827,751	2,897,996	2,827,751
		2,897,996	2,827,751	2,897,996	2,827,751

The Group's exposure to market risk related to receivables is discussed in Note 22.

12. Inventories					
Bear stock at cost		172,782	282,768	172,782	282,768
Fuel stock at cost		36,731	23,965	36,731	23,965
		209,513	306,733	209,513	306,733
13. Investments					
Share in CFT Helicopter Pty Ltd	13 a)	-	-	1	1
Share in CareFlight Australia Limited	13 b)	1	1	1	1
		1	1	2	2

- a) CFT Helicopter Pty Ltd was incorporated on 10 March 2008, as a wholly-owned subsidiary of CareFlight (NSW) Limited. On 1 July 2008 CFT Helicopter Pty Ltd acquired all the shares of Shadowstone Pty Ltd, the former owner of BK 117 helicopter VH-IME.
- b) CareFlight Australia Limited was registered as a public company on 7 September 2007. CareFlight (NSW) Limited and CareFlight (QLD) Limited hold one share each. This is an equity accounted associate.
- c) On 4 March 2010 CareFlight (NSW) Limited lodged an application with the Australian Securities and Investment Commission to deregister its subsidiaries: CFT Helicopter Pty Ltd (ACN 130 098 029) and Shadowstone Pty Ltd (ACN 051 222 809). Both subsidiaries were deregistered on 5 May 2010, subsequent to the balance date.

14. Other current assets					
Prepaid expenses		406,286	221,969	406,286	221,969
Prepayment for property purchase		-	220,000	-	220,000
		406,286	441,969	406,286	441,969

CAREFLIGHT (NSW) LIMITED

15. Helicopters	Note	Consolidated			Company		
		Kawasaki BK117 VH-IME Leased \$	Agusta A109 Power VH-IAG Leased \$	Total \$	Kawasaki BK117 VH-IME Leased \$	Agusta A109 Power VH-IAG Leased \$	Total \$
At Valuation							
Balance at 1 May 2008		-	4,016,279	4,016,279	-	4,016,279	4,016,279
Acquisitions		3,746,032	-	3,746,032	3,746,032	-	3,746,032
Amortisation for the year		(148,880)	(251,016)	(399,896)	(148,880)	(251,016)	(399,896)
Revaluation/(devaluation)		(656,528)	364,124	(292,404)	(656,528)	364,124	(292,404)
Balance at 30 April 2009		2,940,624	4,129,387	7,070,011	2,940,624	4,129,387	7,070,011
Balance at 1 May 2009		2,940,624	4,129,387	7,070,011	2,940,624	4,129,387	7,070,011
Amortisation for the year		(154,764)	(275,292)	(430,056)	(154,764)	(275,292)	(430,056)
Devaluation	15 a), b) & c)	(366,505)	(520,762)	(887,267)	(366,505)	(520,762)	(887,267)
Balance at 30 April 2010		2,419,355	3,333,333	5,752,688	2,419,355	3,333,333	5,752,688
Carrying amounts							
At 1 May 2008		-	4,016,279	4,016,279	-	4,016,279	4,016,279
At 30 April 2009		2,940,624	4,129,387	7,070,011	2,940,624	4,129,387	7,070,011
At 1 May 2009		2,940,624	4,129,387	7,070,011	2,940,624	4,129,387	7,070,011
At 30 April 2010		2,419,355	3,333,333	5,752,688	2,419,355	3,333,333	5,752,688

a) Agusta A109 Power VH-IAG Helicopter

The Directors' valuation of the A109 Power helicopter at 30 April 2010 is based on a valuation by Heliflite Pty Limited, the distributors of these helicopters in Australia (Directors' valuation at 30 April 2009 was likewise based on a valuation by Heliflite Pty Limited). The helicopter is valued in US Dollars and is converted to Australian currency at the exchange rate at year end which was AUD 1 = USD 0.9300 (2009: AUD 1 = USD 0.7265). In accordance with significant accounting policies (Note 3 d) (vi)), total revaluation decrement for 2010 amounted to \$520,762 (2009: revaluation increment of \$364,124).

b) Kawasaki BK117 VH-IME Helicopter

The Directors' valuation of BK117 VH-IME helicopter at 30 April 2010 is based on a valuation by Slattery Valuations Pty Limited. (Directors' valuation at 30 April 2009 was likewise based on a valuation by Slattery Valuations Pty Limited). The helicopter is valued in US Dollars and is converted to Australian currency at the exchange rate at year end which was AUD 1 = USD 0.9300 (2009: AUD 1 = USD 0.7265). In accordance with significant accounting policies (Note 3 d) (vi)), total revaluation decrement for 2010 amounted to \$366,505 (2009: \$656,528).

c) Net revaluation decrement for 2010 was \$887,267 (2009: \$292,404). In accordance with CareFlight's accounting policies (Note 3 d) (vi)), \$844,425 of the revaluation decrement was recognised in the revaluation reserve and the remaining \$42,842 was recognised in the statements of comprehensive income.

CAREFLIGHT (NSW) LIMITED

Consolidated

16. Land and buildings, property, plant and equipment	Consolidated				Company			
	Land and buildings	Hangar facilities Westmead - owned	Property, plant and equipment and other plant and equipment - leased	Total- Property, plant and equipment	Land and buildings	Hangar facilities Westmead - owned	Property, plant and equipment and other plant and equipment - leased	Total- Property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance at 1 May 2008	-	15,355	3,158,865	3,682,457	-	15,355	3,158,865	3,682,457
Acquisitions	-	-	549,909	1,021,800	-	-	549,909	1,021,800
Leased assets capitalised	-	-	279,981	-	-	-	279,981	-
Disposals/assets written off	-	-	(78,680)	(337,790)	-	-	(78,680)	(337,790)
Balance at 30 April 2009	-	15,355	3,910,075	4,366,467	-	15,355	3,910,075	4,366,467
Balance at 1 May 2009	-	15,355	3,910,075	4,366,467	-	15,355	3,910,075	4,366,467
Acquisitions	2,200,000	-	1,300,584	1,711,183	2,200,000	-	1,300,584	1,711,183
Leased assets capitalised	-	-	236,074	-	-	-	236,074	-
Disposals	-	-	(298,571)	(464,851)	-	-	(298,571)	(464,851)
Balance at 30 April 2010	2,200,000	15,355	5,148,162	5,612,799	2,200,000	15,355	5,148,162	5,612,799
Depreciation and impairment losses								
Balance at 1 May 2008	-	2,777	1,879,529	1,928,178	-	2,777	1,879,529	1,928,178
Depreciation for the year	-	384	445,113	568,112	-	384	445,113	568,112
Disposals	-	-	(16,180)	(138,056)	-	-	(16,180)	(138,056)
Balance at 30 April 2009	-	3,161	2,308,462	2,358,234	-	3,161	2,308,462	2,358,234
Balance at 1 May 2009	-	3,161	2,308,462	2,358,229	-	3,161	2,308,462	2,358,229
Depreciation for the year	36,656	384	644,434	763,960	36,656	384	644,434	763,960
Disposals	-	-	(45,343)	(139,575)	-	-	(45,343)	(139,575)
Balance at 30 April 2010	36,656	3,545	2,907,553	2,965,503	36,656	3,545	2,907,553	2,965,503
Carrying amounts								
At 1 May 2008	-	12,578	1,279,336	1,754,279	-	12,578	1,279,336	1,754,279
At 30 April 2009	-	12,194	1,601,613	2,008,234	-	12,194	1,601,613	2,008,234
At 1 May 2009	-	12,194	1,601,613	2,008,234	-	12,194	1,601,613	2,008,234
At 30 April 2010	2,163,344	11,810	2,240,609	2,647,296	2,163,344	11,810	2,240,609	2,647,296

CAREFLIGHT (NSW) LIMITED

	Note	Consolidated		Company	
		2010 \$	2009 \$	2010 \$	2009 \$
17. Trade and other payables					
Current					
Trade creditors		973,329	1,675,273	973,329	1,675,273
Other payables and accrued expenses		699,261	1,190,525	699,261	1,190,525
Income received in advance					
- restricted funds		784,186	691,137	784,186	691,137
- unrestricted sponsorship income received in advance		100,000	199,997	100,000	199,997
- deferred revenue		1,200,063	553,449	1,200,063	553,449
		3,756,839	4,310,381	3,756,839	4,310,381
The Group's exposure to market and liquidity risk related to payables is discussed in Note 22.					
18. Interest bearing liabilities					
Current					
Hire purchase and lease liabilities		3,173,244	2,639,261	3,173,244	2,639,261
Non-current					
Hire purchase and lease liabilities		1,964,867	2,583,278	1,964,867	2,583,278
Financing arrangements					
The Company's hire purchase and lease liabilities of \$5,138,111 (2009: \$5,222,539) are secured by the leased assets and, in the event of default, the assets revert to the financier.					
19. Provisions					
Current					
Liability for annual leave		597,788	490,372	597,788	490,372
Liability for long service leave		112,473	112,033	112,473	112,033
	25	710,261	602,405	710,261	602,405
Non-current					
Liability for long service leave	25	177,089	90,680	177,089	90,680
20. Reserves					
Asset revaluation reserve at the beginning of the year		844,425	1,136,829	844,425	1,136,829
Revaluation decrement		(844,425)	(292,404)	(844,425)	(292,404)
		-	844,425	-	844,425
21. Retained surplus					
Retained surplus at the beginning of the year		4,785,223	4,558,357	4,785,223	4,558,357
Net surplus for the year		2,222,919	226,866	2,222,919	226,866
Retained surplus at the end of the year		7,008,142	4,785,223	7,008,142	4,785,223

CAREFLIGHT (NSW) LIMITED

22. Financial instruments

a) Credit risk

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

Interest earning investments are placed only in bank bills and term deposits. At the reporting date there were no significant concentrations of 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:

	Notes	Carrying amount	
		2010	2009
		\$	\$
Cash assets	10	2,713,318	3,200,954
Receivables	11	2,897,996	2,827,751
Other assets	14	406,286	441,969
		6,017,600	6,470,674

Impairment losses

	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
	\$	\$	\$	\$
Not past due	2,469,310	-	2,319,478	-
Past due 0 – 30 days	320,470	-	305,754	-
Past due 31 – 60 days	92,387	-	38,060	-
Past due 60 – one year	15,829	-	164,459	-
More than one year	-	-	-	-
	2,897,996	-	2,827,751	-

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables.

CAREFLIGHT (NSW) LIMITED

22. Financial instruments (continued)

b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

Consolidated 30 April 2010	Note	Carrying amount \$	Contractual cashflows \$	1 year or less \$	1-2 years \$	More than 2 years \$
Non-derivative financial liabilities						
Hire purchase and lease liabilities	18	5,138,111	5,935,251	3,173,244	1,964,867	-
Trade creditors	17	973,329	973,329	973,329	-	-
Other payables and accrued expenses	17	699,261	699,261	699,261	-	-
		6,810,701	7,607,841	4,845,834	1,964,867	-
30 April 2009						
Non-derivative financial liabilities						
Hire purchase and lease liabilities		5,222,539	5,777,111	2,639,261	2,583,278	-
Trade creditors		1,675,273	1,675,273	1,675,273	-	-
Other payables and accrued expenses		1,190,525	1,190,525	1,190,525	-	-
		8,088,337	8,642,909	5,505,059	2,583,278	-
Company 30 April 2010						
Non-derivative financial liabilities						
Hire purchase and lease liabilities	18	5,138,111	5,935,251	3,173,244	1,964,867	-
Trade creditors	17	973,329	973,329	973,329	-	-
Other payables and accrued expenses	17	699,261	699,261	699,261	-	-
		6,810,701	7,607,841	4,845,834	1,964,867	-
30 April 2009						
Non-derivative financial liabilities						
Hire purchase and lease liabilities		5,222,539	5,777,111	2,639,261	2,583,278	-
Trade creditors		1,675,273	1,675,273	1,675,273	-	-
Other payables and accrued expenses		1,190,525	1,190,525	1,190,525	-	-
		8,088,337	8,642,909	5,505,059	2,583,278	-

CAREFLIGHT (NSW) LIMITED

22. Financial instruments (continued)

c) Currency risk

Exposure to currency risk

The exposure of the Group and the Company to currency risk at balance date was as follows, based on notional amounts:

	Note	2010		2009	
		AUD	USD	AUD	USD
Helicopters	15	5,752,688	5,350,000	7,070,011	5,136,364
Cash assets		5,486	5,102	13,562	9,852
Gross statement of financial position exposure		5,758,174	5,355,102	7,083,573	5,146,216
Estimated forecast purchases		609,585	566,914	869,757	631,878
Gross statement of comprehensive income exposure		609,585	566,914	869,757	631,878

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
AUD:USD	\$ 0.8667	\$ 0.6879	\$ 0.9300	\$ 0.7265

Sensitivity analysis

A 10% strengthening of the Australian dollar against the following currencies at 30 April would have increased (decreased) capital funds and surplus or deficit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

	Consolidated		Company	
	Capital funds	Surplus/(deficit)	Capital funds	Surplus/(deficit)
AUD	\$	\$	\$	\$
30 April 2010	(522,971)	(499)	(522,971)	(499)
USD				

	Consolidated		Company	
	Capital funds	Surplus/(deficit)	Capital funds	Surplus/(deficit)
AUD	\$	\$	\$	\$
30 April 2009	(630,399)	(1,234)	(630,399)	(1,234)
USD				

A 10% weakening of the Australian dollar against the above currencies at 30 April would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

CAREFLIGHT (NSW) LIMITED

22. Financial instruments (continued)

d) Interest rate risk

The Company's liabilities in fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Payables and investments in short-term receivables are not exposed to interest rate risk.

Profile

At the reporting date the interest rate profile of the interest bearing financial instruments of the Company and Group was:

	Note	Consolidated Carrying amount		Company Carrying amount	
		2010 \$	2009 \$	2010 \$	2009 \$
Fixed rate instruments					
Financial liabilities	18	5,138,111	5,222,539	5,138,111	5,222,539
		5,138,111	5,222,539	5,138,111	5,222,539
Variable rate instruments					
Cash assets	10	2,713,318	3,200,954	2,713,317	3,200,953
		2,713,318	3,200,954	2,713,317	3,200,953

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at 30 April would have increased (decreased) capital funds and surplus/(deficit) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Surplus/(deficit)		Capital funds	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
30 April 2010				
Variable rate instruments	27,133	(27,133)	-	-
Cash flow sensitivity (net)	27,133	(27,133)	-	-
30 April 2009				
Variable rate instruments	31,995	(31,995)	-	-
Cash flow sensitivity (net)	31,995	(31,995)	-	-

CAREFLIGHT (NSW) LIMITED

22. Financial instruments (continued)

d) Interest rate risk (continued)

Effective interest rates and re-pricing analysis

In respect of income earning financial assets and interest bearing financial liabilities, the following tables indicate their average effective interest rates at the reporting date and the periods in which they mature or, if earlier, re-price.

2010	Note	Effective rate of interest %	Floating interest rate \$	Consolidated			Total \$
				1 year or less \$	More than 5 years \$	Non-interest bearing \$	
Financial assets							
	10	1.61%	2,699,578	-	-	13,740	2,713,318
	11	-	-	-	-	2,897,996	2,897,996
			2,699,578	-	-	2,911,736	5,611,314
Financial liabilities							
	17	-	-	-	-	3,756,839	3,756,839
	18	6.8%	-	3,173,244	1,964,867	-	5,138,111
			-	3,173,244	1,964,867	-	8,894,950

2009	Note	Effective rate of interest %	Floating interest rate \$	Consolidated			Total \$
				1 year or less \$	More than 5 years \$	Non-interest bearing \$	
Financial assets							
	10	6.07%	3,080,411	-	-	120,543	3,200,954
	11	-	-	-	-	2,827,751	2,827,751
			3,080,411	-	-	2,948,294	6,028,705
Financial liabilities							
	17	-	-	-	-	4,310,381	4,310,381
	18	9.03%	-	2,639,261	2,583,278	-	5,222,539
			-	2,639,261	2,583,278	-	9,532,920

22. Financial instruments (continued)

CAREFLIGHT (NSW) LIMITED

e) Fair values

Fair values versus carrying amounts

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

Note	Consolidated				Company			
	2010 \$	2010 Fair value	2009 \$	2009 Fair value	2010 \$	2010 Fair value	2009 \$	2009 Fair value
	Carrying amount		Carrying amount		Carrying amount		Carrying amount	
10	2,713,318	2,713,318	3,200,954	3,200,954	2,713,317	2,713,317	3,200,953	3,200,953
11	2,897,996	2,897,996	2,827,751	2,827,751	2,897,996	2,897,996	2,827,751	2,827,751
13	1	1	1	1	2	2	2	2
14	406,286	406,286	441,969	441,969	406,286	406,286	441,969	441,969
17	(3,756,839)	(3,756,839)	(4,310,381)	(4,310,381)	(3,756,839)	(3,756,839)	(4,310,381)	(4,310,381)
18	(5,138,111)	(5,138,111)	(5,222,539)	(5,222,539)	(5,138,111)	(5,138,111)	(5,222,539)	(5,222,539)
	(2,877,349)	(2,877,349)	(3,062,245)	(3,062,245)	(2,877,349)	(2,877,349)	(3,062,245)	(3,062,245)
Unrecognised (loss)/ gain	-	-	-	-	-	-	-	-

CAREFLIGHT (NSW) LIMITED

23. Commitments

Hire purchase and finance lease commitments for the Group and the Company are:

	Note	Future minimum lease payments 2010 \$	Interest 2010 \$	Present value of minimum lease payments 2010 \$	Future minimum lease payments 2009 \$	Interest 2009 \$	Present value of minimum lease payments 2009 \$
Within one year	18	3,521,812	348,568	3,173,244	3,039,127	399,866	2,639,261
One year or later and no later than five years	18	2,413,439	448,572	1,964,867	2,737,984	154,706	2,583,278
		5,935,251	797,140	5,138,111	5,777,111	554,572	5,222,539
		480,000	-	480,000	570,000	-	570,000

Operating lease commitments for the Group and the Company are:

Within one year

23 a)

- a) The operating lease for BK 117 helicopter VH-BIF was due to expire on 30 April 2010. The Company has extended the lease for a further term of 12 months. The helicopter has been deployed in northern Australia to fulfil commitments under medical retrieval contracts.

CAREFLIGHT (NSW) LIMITED

24. Notes to the statements of cashflows

a) Reconciliation of cash

For the purposes of the statements of cashflows, cash includes cash on hand and at bank and short term deposits at call. Cash at the end of the year as shown in the statements of cashflows is reconciled to the related items in the statements of financial position as follows:

Note	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Cash on hand	2,000	2,000	2,000	2,000
Cash at bank	2,711,318	3,198,954	2,711,317	3,198,953
10	2,713,318	3,200,954	2,713,317	3,200,953
b) Reconciliation of cashflow from operating activities				
Net surplus for the period	2,222,919	226,866	2,222,919	226,866
Add items classified as investing/financing activities:				
Net loss on disposal of non-current assets	26,045	7,520	26,045	7,520
Add non-cash items:				
Amortisation	430,056	399,896	430,056	399,896
Depreciation	783,505	568,112	783,505	568,112
Devaluation	42,842	-	42,842	-
Operating surplus before changes in working capital and provisions	3,505,367	1,202,394	3,505,367	1,202,394
(Increase)/decrease in trade debtors	(70,245)	(1,157,960)	(70,245)	(1,157,960)
(Increase)/decrease in inventory	97,220	(123,749)	97,220	(123,749)
(Increase)/decrease in other receivables	35,683	116,331	35,683	116,331
Increase/(decrease) in payables	(553,542)	765,679	(553,542)	765,679
Increase/(decrease) in provisions	194,265	(261,894)	194,265	(261,894)
Net cash from operating activities	3,208,748	540,801	3,208,748	540,801

c) Non-cash financing and investing activities

During the year the Company acquired plant and equipment with an aggregate value of \$410,599 (2009: \$471,891) by means of finance leases. These acquisitions are not reflected in the statements of cashflows.

CAREFLIGHT (NSW) LIMITED

	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
25. Employee benefits				
Aggregate liability for employee entitlements including on-costs:				
Current	710,261	602,405	710,261	602,405
Non-current	177,089	90,680	177,089	90,680
	887,350	693,085	887,350	693,085
Number of employees				
Number of employees at year end	89	82	89	82

Types of benefits

The funds provide benefits which represent the accumulation of contributions to employees, providing lump sum or annuity benefits upon retirement, death or disability.

Superannuation commitment

The Company was under a legal obligation during the year to contribute 9% of each employee's base salary to a superannuation fund.

	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Details of contributions during the year are as follows:				
Employer contributions to the funds	805,465	724,240	805,465	724,240

26. Related party disclosure

The following were key management personnel of the Company at any time during the reporting period.

Non-executive directors

Sean BEEHAN

David BOWEN

Garry DINNIE (Appointed 23.2.2010)

Gary DRANSFIELD (Resigned 26.8.2009)

Andrew REFSHAUGE

John SZANGOLIES

Executive directors

Ian BADHAM Media Relations Manager

Derek COLENBRANDER Chief Executive Officer

Other executives

Luke BRADSHAW - Chief Engineer

Alan GARNER - Medical Director

Don KEMBLE - Events Manager (Appointed 1.5.2009)

Jeff KONEMANN - Chief Pilot

David MANN - Operations Manager

Trent OSBORN - Fundraising Manager (Appointed 1.5.2009)

Jude PETTITT - Clinical and Human Resources Manager

Colin ROBshaw - Manager CareFlight International (Resigned 3.2.2010)

Paul SMITH - Manager CareFlight International (Appointed 8.2.2010)

Rajini SURENDRAN - Finance Manager

Gary WILLIAMS - Chief Information Officer

CAREFLIGHT (NSW) LIMITED

26. Related party disclosure (continued)

a) Transactions with key management personnel

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Short term employee benefits	1,693,992	1,626,083	1,693,992	1,626,083
Long term employee benefits	148,896	131,362	148,896	131,362
	1,742,888	1,757,445	1,742,888	1,757,445

b) Loans and other transactions with key management personnel

During the year Dr Andrew Refshauge, Chairman of the Board, received an allowance in recognition of the time he commits to the affairs of the Company above and beyond the normal role of a Board Chairman. He was paid \$56,250 (2009: nil) for these services under normal market rates.

c) Other related party transactions

During the year, Heidi Colenbrander, wife of Derek Colenbrander, Chief Executive Officer provided design and communication services to the Company. She was paid \$14,850 (2009: \$15,900) for these services under normal market rates.

27. Group entities

	Note	Country of incorporation	Ownership interest	
			2010 %	2009 %
Parent entity				
CareFlight (NSW) Limited				
Subsidiaries				
CFT Helicopter Pty Ltd	13 c)	Australia	100	100
Shadowstone Pty Ltd	13 c)	Australia	100	100
Equity accounted associate				
CareFlight Australia Limited		Australia	50	50

28. Economic dependency

The Company has continuing financial support from the NSW Government, sponsors and the community.

29. Events subsequent to reporting date

On 4 March 2010 CareFlight (NSW) Limited lodged an application with the Australian Securities and Investment Commission to deregister its subsidiaries: CFT Helicopter Pty Ltd (ACN 130 098 029) and Shadowstone Pty Ltd (ACN 051 222 809). Both subsidiaries were deregistered on 5 May 2010, subsequent to the balance date.

30. Registered charity

The Company is an authorised fundraiser under the provisions of the Charitable Fundraising Act 1991(NSW).

31. Information and declaration to be furnished under the Charitable Fundraising Act 1991 (NSW)

Fundraising appeals conducted by the Company:

- Christmas
- Taxation
- Newsletter
- Corporate

These appeals are used to continue the Company's role of providing rapid response critical care services.

CAREFLIGHT (NSW) LIMITED

32. Statements of income and expenditure	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Revenue				
Telemarketing bears	6,005,983	5,743,769	6,005,983	5,743,769
Sponsors - excluding HIRT	700,000	1,000,000	700,000	1,000,000
- HIRT project	-	616,358	-	616,358
Direct mail appeals	1,219,396	1,323,491	1,219,396	1,323,491
Marketing and promotion	1,638,449	1,679,857	1,638,449	1,679,857
Donations	1,610,537	1,577,804	1,610,537	1,577,804
Gross revenue from fundraising	11,174,365	11,941,279	11,174,365	11,941,279
Expenditure				
Telemarketing bears	4,038,208	3,961,789	4,038,208	3,961,789
Direct mail appeals	354,056	519,173	354,056	519,173
Marketing and promotion	863,104	963,771	863,104	963,771
Donations	258,282	160,586	258,282	160,586
Total costs of fundraising	5,513,650	5,605,319	5,513,650	5,605,319
Net surplus from fundraising	5,660,715	6,335,960	5,660,715	6,335,960
Other revenue				
Ambulance Service of NSW	2,872,596	2,788,528	2,872,596	2,788,528
Motor Accidents Authority	3,200,000	1,000,000	3,200,000	1,000,000
Northern Territory Department of Health and Family Services	1,914,456	382,200	1,914,456	382,200
Aero-medical and other retrieval revenue	14,420,209	12,712,653	14,420,209	12,712,653
Finance income	43,791	388,040	43,791	388,040
Sundry income	-	2,655	-	2,655
	22,451,052	17,274,076	22,451,052	17,274,076
Other expenditure				
Operations and administration - costs of personnel	11,341,510	10,219,115	11,341,510	10,219,115
Direct costs of medical and helicopter retrieval	10,464,896	9,484,825	10,464,896	9,484,825
Depreciation and amortisation	1,213,561	968,008	1,213,561	968,008
Insurance	410,713	342,257	410,713	342,257
Professional fees	798,978	690,077	798,978	690,077
General overheads	1,128,568	1,170,142	1,128,568	1,170,142
Exchange rate loss	1,616	-	1,616	-
Finance charges on capitalised leases	460,119	501,226	460,119	501,226
Impairment loss on non-current assets	26,045	7,520	26,045	7,520
Devaluation	42,842	-	42,842	-
	25,888,848	23,383,170	25,888,848	23,383,170
Total revenue	33,625,417	29,215,355	33,625,417	29,215,355
Total expenditure	31,402,498	28,988,489	31,402,498	28,988,489
Net surplus transferred to retained surplus	2,222,919	226,866	2,222,919	226,866

CAREFLIGHT (NSW) LIMITED

33. Statements showing how funds received from fundraising appeals were applied to charitable purposes

	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Net surplus from fundraising	5,660,175	6,335,960	5,660,175	6,335,960
This was applied to the charitable purposes in the following manner:				
Expenditure on general operating and administration costs	5,660,715	6,335,960	5,660,715	6,335,960
Total other expenditure	25,888,848	23,383,170	25,888,848	23,383,170
Less: Net surplus from fundraising	5,660,715	6,335,960	5,660,715	6,335,960
Shortfall	20,228,133	17,047,210	20,228,133	17,047,210
Shortfall of \$20,228,133 (2009: \$17,047,210) was provided from the following sources:				
Ambulance Service of NSW	2,872,596	2,788,528	2,872,596	2,788,528
Motor Accidents Authority	3,200,000	1,000,000	3,200,000	1,000,000
Northern Territory Department of Health and Family Services	1,914,456	382,200	1,914,456	
Other medical and helicopter retrieval revenue	14,420,209	12,712,653	14,420,209	13,094,853
Finance income	43,791	388,040	43,791	388,040
Sundry income	-	2,655	-	2,655
	22,451,052	17,274,076	22,451,052	17,274,076
Less: Shortfall between surplus available from fundraising appeals conducted and total expenditure	20,228,133	17,047,210	20,228,133	17,047,210
Net surplus	2,222,919	226,866	2,222,919	226,866

34. Details of gross income and aggregate expenditure of appeals conducted jointly with traders

Gross income	7,000,586	6,810,139	7,000,586	6,810,139
Total expenditure incurred	4,773,564	4,769,261	4,773,564	4,769,261

35. Comparisons of certain monetary figures and percentages

	Consolidated				Company			
	2010 \$	2010 %	2009 \$	2009 %	2010 \$	2010 %	2009 \$	2009 %
Total cost of fundraising / Gross income from fundraising	5,513,650/ 11,174,365	49	5,605,319/ 11,941,279	47	5,513,650/ 11,174,365	49	5,605,319/ 11,941,279	47
Net surplus from fundraising / Gross income from fundraising	5,660,715/ 11,174,365	51	6,335,960/ 11,941,279	53	5,660,715/ 11,174,365	51	6,335,960/ 11,941,279	53
Total costs of services / total expenditure	21,806,406/ 31,402,498	69	19,703,940/ 28,988,489	68	21,806,406/ 31,402,498	69	19,703,940/ 28,988,489	68
Total costs of services / total income	21,806,406/ 33,625,417	65	19,703,940/ 29,215,355	67	21,806,406/ 33,625,417	65	19,703,940/ 29,215,355	67

CAREFLIGHT (NSW) LIMITED

Declaration by Director in respect of fundraising appeals

I, Derek Colenbrander, Director of CareFlight (NSW) Limited, declare in my opinion:

- (a) the statements of comprehensive income give a true and fair view of all income and expenditure of CareFlight (NSW) Limited with respect to fundraising appeal activities for the financial year ended 30 April 2010;
- (b) the statements of financial position give a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 April 2010;
- (c) the provisions of the Charitable Fundraising Act 1991 (NSW), the Regulations under the Act and the conditions attached to the authority have been complied with for the financial year ended 30 April 2010; and
- (d) the internal controls exercised by CareFlight (NSW) Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Derek Colenbrander
Chief Executive Officer

Signed at Sydney on 29 June 2010.

CAREFLIGHT (NSW) LIMITED

Directors' declaration

- 1 In the opinion of the Directors of CareFlight (NSW) Limited
 - (a) the financial statements and notes, set out on pages 14 to 43, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 April 2010 and of its performance, as represented by the results of its operations and its cashflows, for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Andrew Refshauge
Chairman

Derek Colenbrander
Chief Executive Officer

Dated at Sydney on 29 June 2010

Independent audit report to the Members of CareFlight (NSW) Limited

Pursuant to the Corporations Act 2001 and Charitable Fundraising (NSW) Act 1991 and Regulations.

Scope

We have audited the financial report of CareFlight for the financial year ended 30 April 2010, consisting of the statements of comprehensive income, statements of changes in equity, statements of financial position, statements of cashflows and accompanying notes and the declaration by the Chief Executive Officer in respect of fundraising appeals and the directors' declaration set out on page 44. The Company's directors are responsible for the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

We have conducted an independent audit of the financial report in order to express an opinion on it to the Members of the Company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cashflows.

The audit opinion expressed in this report pursuant to the Corporations Act 2001 has been formed on the above basis.

Additional scope pursuant to the Charitable Fundraising Act 1991 (NSW)

In addition, our audit report has also been prepared for the Members of the Company in accordance with Section 24(2) of the Charitable Fundraising Act 1991(NSW). The Charitable Fundraising Act 1991(NSW) commenced on 1 September 1993. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising Act 1991 (NSW) and Regulations.

(continued overleaf)

Independent audit report to the Members of CareFlight (NSW) Limited (continued)

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisions and valuations necessary for year-end financial report preparation.

The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial report. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.

The audit opinion expressed in this report pursuant to the Charitable Fundraising) Act 1991(NSW) has been formed on the above basis.

Qualification

Completeness of Fundraising Revenue

Fundraising revenue is a significant source of revenue for CareFlight (NSW) Limited. CareFlight (NSW) Limited has determined that it is impracticable to establish controls over the collection of fundraising revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to fundraising revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the fundraising revenue CareFlight (NSW) Limited obtained is complete.

In respect of the qualification however, based on our review of the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from fundraising appeal activities by the Company are not appropriate.

Qualified audit opinion pursuant to the Corporations Act 2001

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the matter referred to in the qualification paragraphs not existed; the financial report of CareFlight (NSW) Limited is in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 30 April 2010 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements.

(continued overleaf)

Qualified audit opinion pursuant to the Charitable Fundraising Act 1991 (NSW)

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the matter referred to in the qualification paragraphs not existed:

- a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 April 2010;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 May 2009 to 30 April 2010, in accordance with the Charitable Fundraising Act 1991 (NSW) and Regulations;
- c) money received as a result of fundraising appeal activities conducted during the period from 1 May 2009 to 30 April 2010 has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 (NSW) and Regulations; and
- d) there are reasonable grounds to believe that CareFlight (NSW) Limited will be able to pay its debts as and when they fall due.

KPMG

Phillip M Napier
Partner

Dated at Sydney on June 2010

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

To: the Directors of CareFlight (NSW) Limited

I declare that to the best of my knowledge and belief, in relation to the audit for the year ended 30 April 2010, 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.

KPMG

Phillip M Napier
Partner

Dated at Sydney on June 2010