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

ACN 003 093 445

ANNUAL FINANCIAL REPORT
30 APRIL 2011

CareFlight (NSW) Limited
4-6 Barden Street
Northmead NSW 2152

CAREFLIGHT (NSW) LIMITED DIRECTORS' REPORT

The directors present their report together with the financial report of CareFlight (NSW) Limited ("CareFlight") for the financial year ended 30 April 2011 and the Auditor's report thereon.

1. Introduction

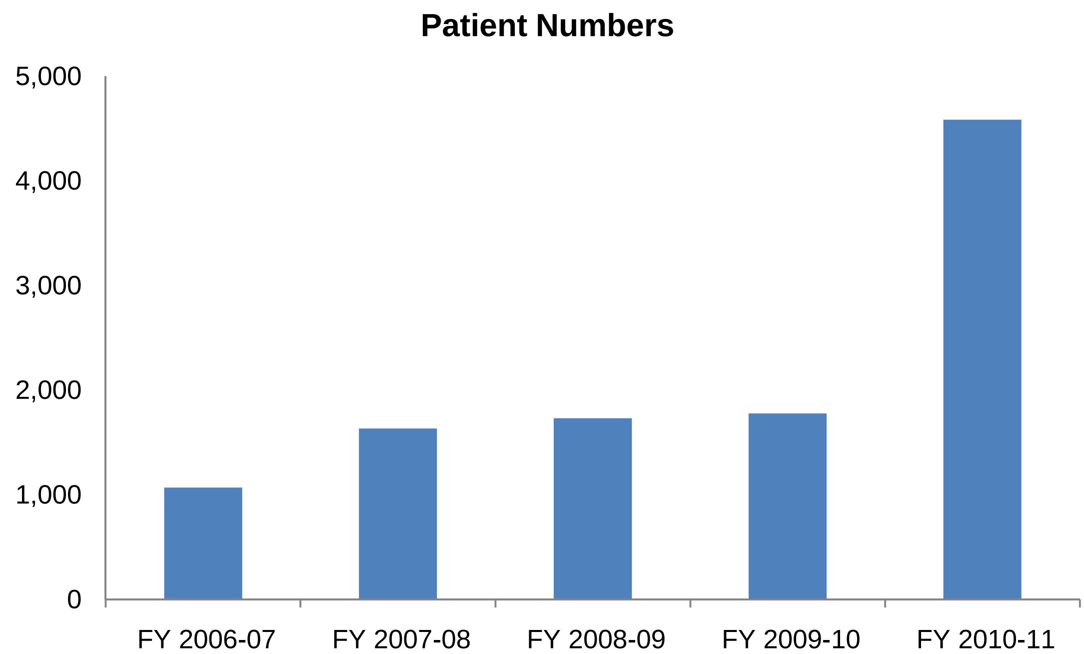
The year 2011 marks CareFlight's 25th anniversary. From small beginnings in 1986 as a single helicopter operation undertaking a handful of missions each month, CareFlight has grown to become a national and regional aero-medical service. Today, within the Australian aero-medical landscape, CareFlight ranks only behind the long established Royal Flying Doctor Service in the scale of our operations.

2. Top End Aero-Medical Service

The single largest and most transformational growth spurt in the history of our organisation occurred in FY2010/11, driven by our success in winning a major contract in the Northern Territory. This contract - the Interim Top End Aero-Medical Services Contract - started on 1 July 2010. Initially for a period of six months, the contract was extended for a further six-month period ending 30 June 2011.

On 16 June 2011 the NT Government announced that CareFlight has been awarded the long term Top End Aero-Medical Services Contract. The contract covers provision of a totally integrated service to the people of the Top End - doctors, nurses, pilots, aircrew, fixed wing aircraft, helicopters, engineering and logistics co-ordination. It will be the only completely integrated medical transport service in Australia covering all platforms. Discussions are currently underway with the NT Government regarding transition from the interim to the long term service.

In terms of growth, the impact of the Interim Contract on CareFlight is apparent from the following chart, which shows the near trebling of our patient numbers over a single financial year.



The transformational impact of the Interim Contract can be seen at three levels:

- In less than a year, CareFlight's fixed wing turbo prop operation in the Top End has gone from start-up operation to become the dominant component of CareFlight's aviation operations.

	FY 2009-10	FY 2010-11
Rotary wing hours	1,370	1,261
Fixed wing turbo prop hours	-	3,698
Total hours	**1,370**	**4,959**

- CareFlight has added a significant nurse component to our historically doctor-based clinical workforce.
- CareFlight has developed a significant new logistics co-ordination capability.

3. NSW Operations

In February this year we brought to a close the patient recruitment phase of our long running Head Injury Retrieval Trial (HIRT). The clinical data for the last group of patients is presently being collected and collated. That process is expected to be completed by the end of September, after which detailed statistical analysis of the data will commence. The outcome of the trial is likely to be published in the second quarter of 2012.

In the meantime, CareFlight has entered into a Temporary Operations Agreement with the Ambulance Service of New South Wales, under which the HIRT operation has effectively transitioned to an interim service. At an operational level, the only material differences between the trial and the service are:

- Instead of CareFlight directly activating missions based on "000" data streamed live to our crew on-site at our Westmead Operations Base, tasking is now via the Ambulance Service's Rapid Launch Trauma Co-ordinator.
- Randomisation has ceased.

The longer term future of the service will be determined in consultation with the Ambulance Service, having regard not only to the analysis and interpretation of the trial data, but also to a pragmatic assessment of the cost/benefit of CareFlight continuing to provide a rapid response critical care service across Greater Sydney.

Currently the service is provided by CareFlight at no cost to the Ambulance Service. The service is funded by community support via CareFlight's fundraising activities and by a grant from the Motor Accidents Authority (MAA).

The other major component of our NSW Operations remains the recruitment, induction, training and deployment of doctors under our long-term Medical Services Agreement with the Ambulance Service. Our team delivered a virtually flawless performance under this contract, easily meeting all our KPIs. Reflecting the success of this part of our business, and the power of our brand, at any one time CareFlight has a pipeline of registrar recruits stretching more than two years ahead.

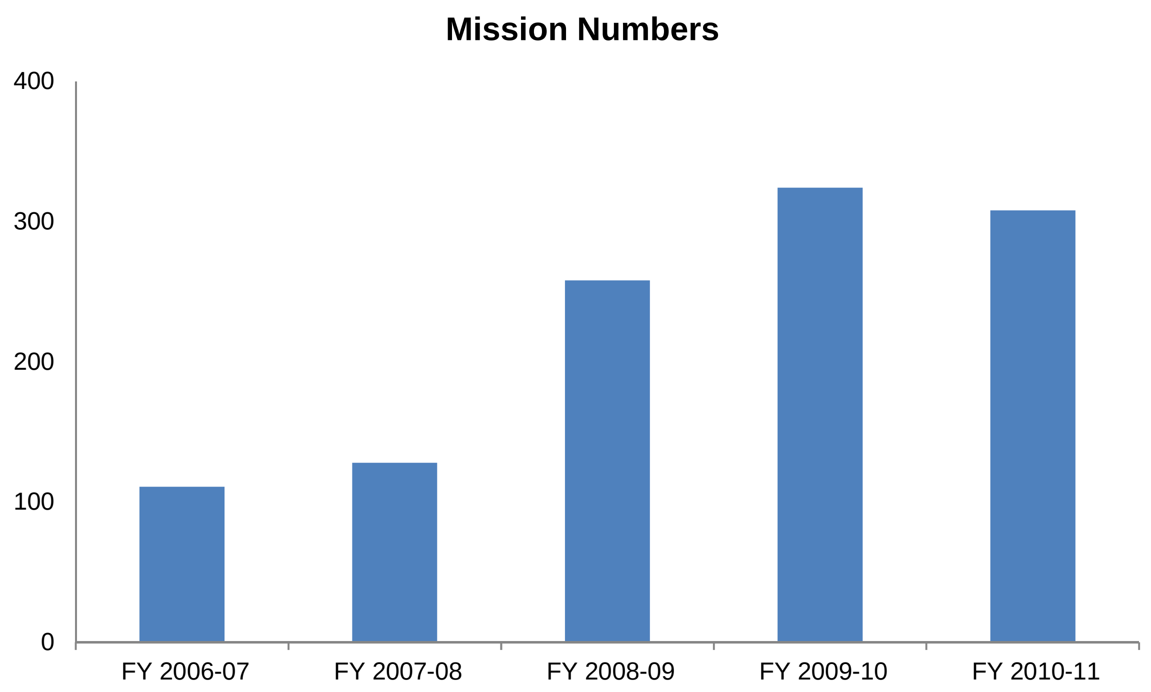
4. Medical Services

Our Medical Division has become increasingly adept at identifying emerging business opportunities and winning new work. Participating in a consortium led by Cubic Corporation, a US-based provider of simulation training services to military organisations, CareFlight was successful in winning a substantial contract to provide medical training services to the Australian Defence Force (ADF) over the next three years. We see medical training and education services as being a growth area, holding enormous potential for CareFlight. A number of commercial training opportunities are currently under evaluation and development.

The growth of our Medical Division over the last few years, and the complexities of managing this growth with a part-time medical workforce, prompted us to commission an external review of the management structure of the division. The key recommendation to emerge from the review was that CareFlight recruit and appoint a General Manager Medical Services with a commercial background to manage the business side of the Medical Division. That recommendation was accepted by our senior doctors and approved by the Board. At the time of writing, the recruitment process for the new General Manager Medical Services is still underway. We expect that position to be filled within the next few months.

5. International

As will be apparent from the chart below, international mission numbers were down. The decline in mission numbers was largely attributable to aircraft availability issues as we transitioned from our former jet charter provider to new service providers.



We took advantage of the change-over in service providers to also change our business model, moving from an ad hoc charter model to a standing charge model. This has ensured improved aircraft availability.

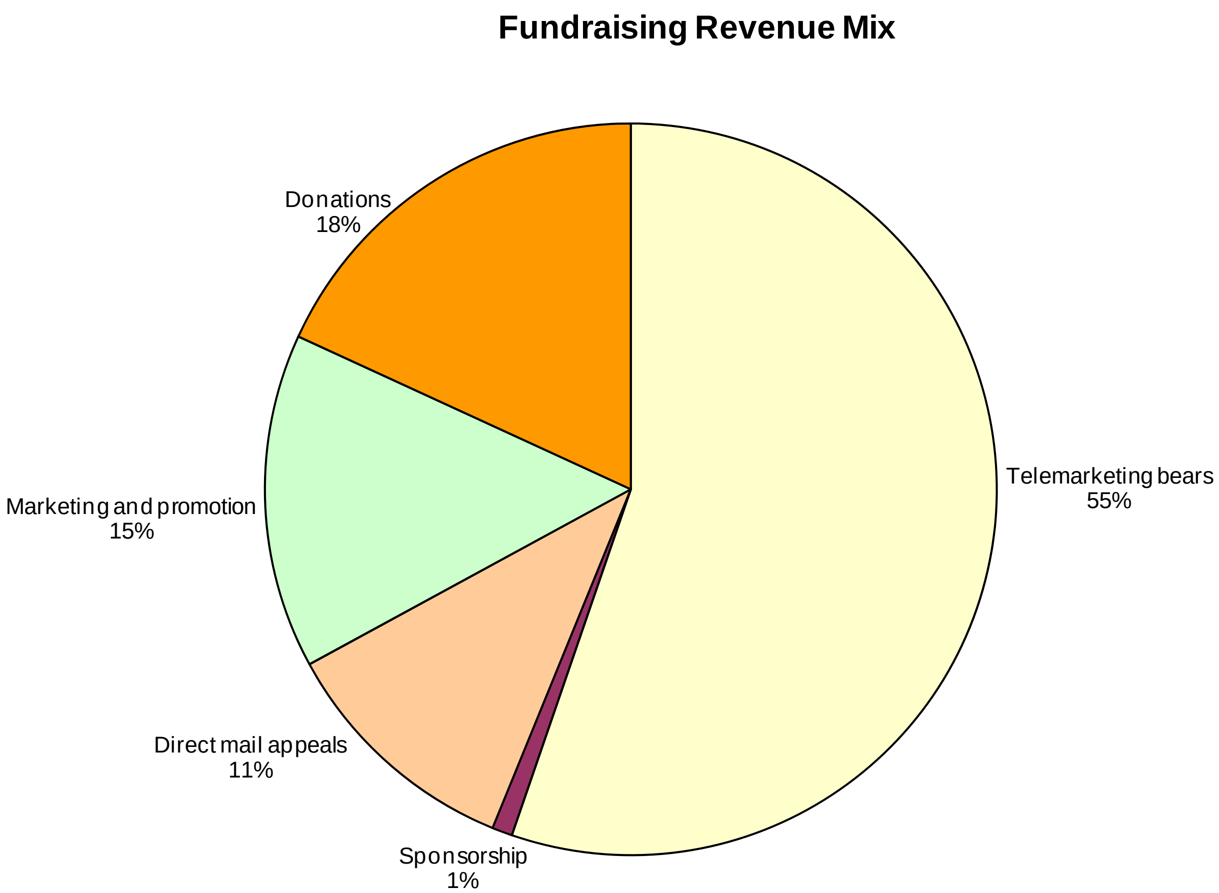
6. Fundraising

Our Fundraising Department continued to deliver the reliable revenue stream that underpins our business model and funds our core charitable offering – namely, the rapid response critical care service that we operate from our Westmead Operations Base.

Highlights of the Fundraising Department's performance were:

- rapid growth in our regular giving program, which now delivers annualised income of $819,317 with minimal overhead cost
- our direct mail campaign, the most successful in our history
- another gratifying year for bequest income (a total of $438,159)

Total fundraising revenue (including corporate sponsorship) amounted to $11,197,470. The fundraising revenue mix is shown below.

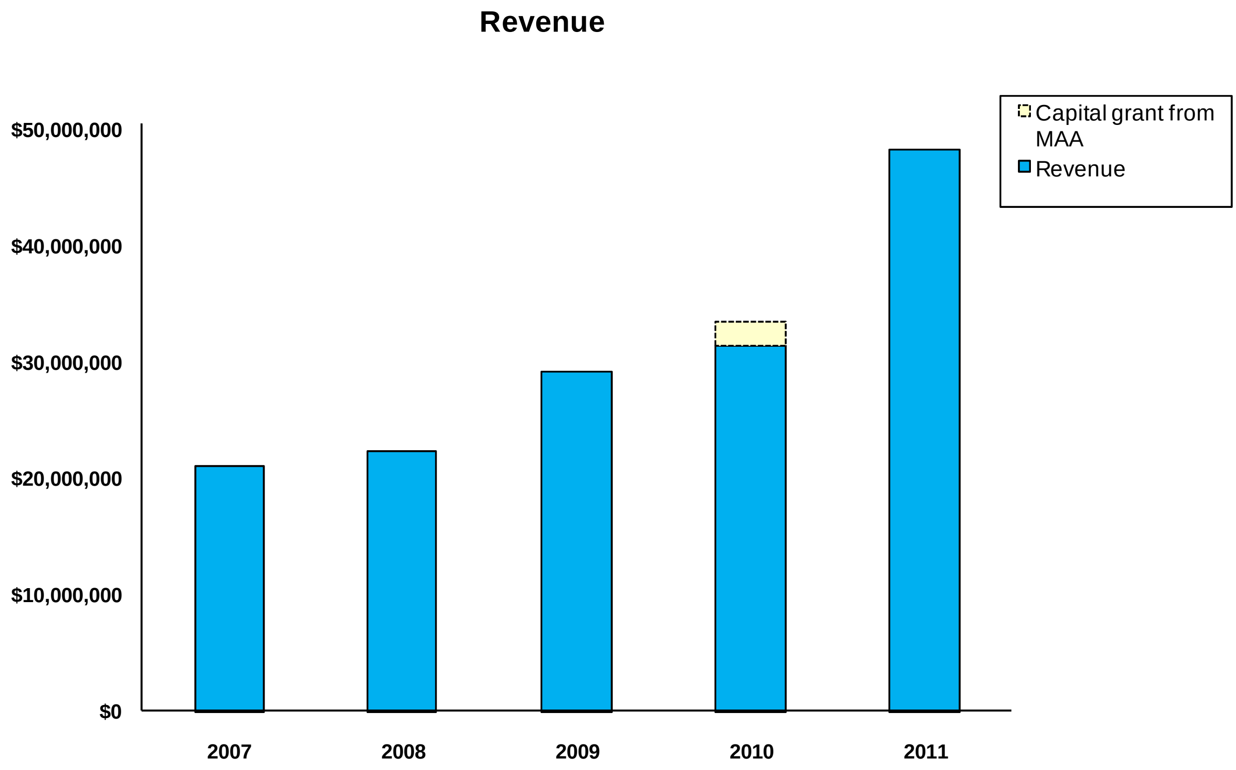


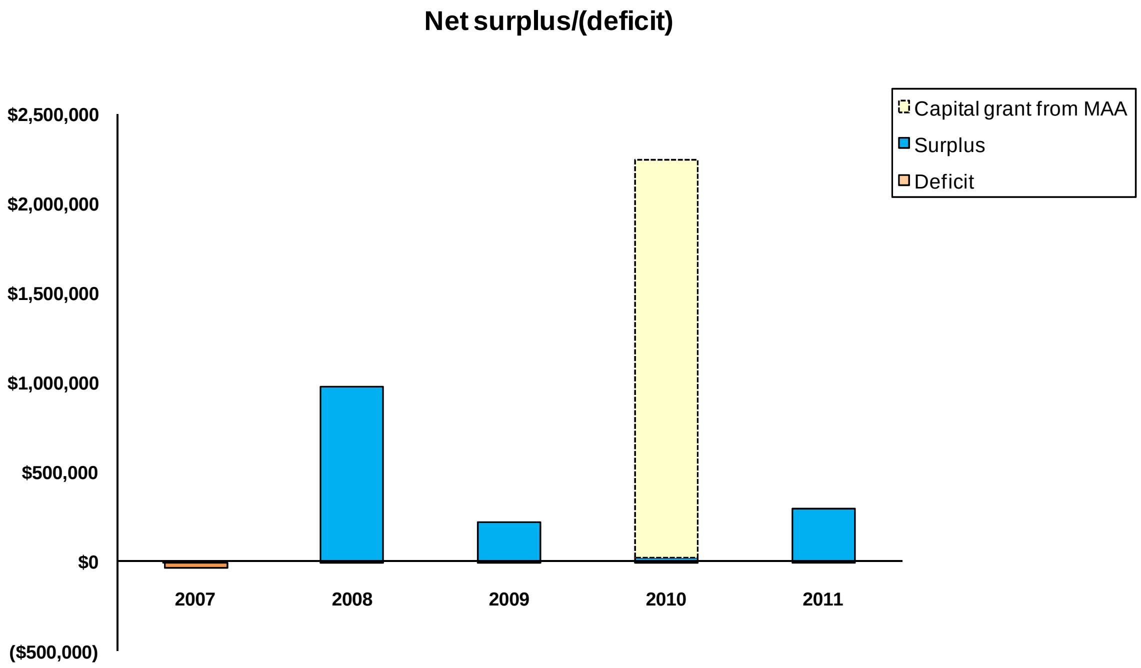
7. Financial Overview

Driven largely by the newly won Top End aero-medical services work, total revenue grew by $14,611,936, from $33,581,626 to $48,193,562. The net surplus for the year was $305,083, compared with a net surplus $1,378,494 in 2009-10. Last year's result reflected a capital grant of $2.2M from the MAA.

During the financial year the Company purchased a King Air B200 aircraft (VH-ZCX) for $1,273,047. Please refer to Note 14 of the financial statements for further details.

The charts below provide a comparative snapshot of the revenue and surplus positions for each of the last five financial years of the Company.





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 $9,442 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 47 and forms part of the Directors' Report for the financial year 2011.

11. Events subsequent to reporting date

On 5 May 2011, the Company purchased a King Air B200 aircraft (VH-ZCY) for $971,288. On 1 June 2011, the Board approved the purchase of the following aircraft:-

- King Air B200 (VH-ZMQ) - for USD1,125,000
- King Air B200 (VH-ZXM) - for USD1,037,000

On 16 June 2011 the NT Government announced that the Company has been awarded the Top End Aero-Medical Services Contract.

Discussions are currently underway with the NT Government regarding transition from the interim to the long term service.

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	65	• 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	53	• 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 Non-Executive Director	54	• Extensive experience in the insurance industry and in government legal administration. • Chief Executive Officer, Lifetime Care and Support Authority. • Nominee director of the Motor Accidents Authority. • Member of the Audit and Risk Committee. • Director since 18 December 2007.
Derek COLENBRANDER BA, LLB Chief Executive Officer Executive Director	57	• 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), FAIM Independent Non-Executive Director	59	• 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. • Director of various private companies. • Chairman of the Audit and Risk Committee. • Director since 23 February 2010.
Anna GUILLAN MBA Independent Non-Executive Director	53	• Extensive experience in sales and marketing in the tourism and hospitality industry. • Executive General Manager Sales and Marketing at Hayman and Mulpha Hotels Australia. • Member of the Audit and Risk Committee since 19 April 2011. • Director since 14 December 2010.

Name, qualifications and independence status	Age	Experience and special responsibilities
Andrew REFSHAUGE MB, BS, FAICD Chairman Non-Executive Director	62	• 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	64	• Extensive experience in marketing and corporate administration and the hospitality and catering industry. • Founder and CEO of Bavarian Hospitality Group Pty Ltd. • Former member of the Audit and Risk Committee. • Appointed 31 August 2004. • Resigned 28 June 2010.

13. 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:

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

14. 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.

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 and Risk 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:

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

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 (Note 25 b)) in recognition of the time he commits to the affairs of the Company 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.

Audit and Risk Committee

The primary function of the Audit and Risk 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 and Risk 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 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 and Risk 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 Airwaves 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.

15. Board composition

We were saddened when John Szangolies tendered his resignation from the Board in June 2010 after serving as a director for almost six years. John's deep interest in the financial affairs of CareFlight and his insistence on rigor, both in the management of the finances and the evaluation of business opportunities to diversify and expand our revenue base, has played no small part in bringing the organisation to where it is today. John's contribution extends way beyond his tenure on the Board. Since 1998 he has been one of our largest donors, raising well in excess of $1million for CareFlight via his annual Oktoberfest function. We are therefore delighted that he will be continuing to support CareFlight through this annual fundraiser.

CareFlight has been fortunate to secure the services of a new director, Anna Guillan. Anna has had a long and successful career in sales and marketing in the tourism and hospitality industry and is currently Executive General Manager Sales and Marketing at Hayman and Mulpha Hotels Australia. Anna has also served on a number of industry and educational bodies in the tourism sector. We warmly welcome Anna to the CareFlight family.

16. Thank you

As we look back over our first 25 years, we acknowledge all those whose commitment to and support of CareFlight have made it possible for us to carry out our mission – to save lives, speed recovery and serve the community.

We take this opportunity to thank the MAA for its generous grant of $1million, part of a seven year commitment to CareFlight.

As always, we thank our exceptionally talented and energetic staff for their unstinting dedication to CareFlight. They are the people who make our vision to be Australia's most trusted rapid response critical care service, happen.

And finally the community, who for 25 years has stood behind us and beside us - our wonderful sponsors, donors and volunteers – we thank you for your loyalty and unwavering support. Your generosity and faith in us have allowed us to grow from a single helicopter one doctor operation caring for a handful of patients a month, to a national aero-medical service that brings help and hope to over 4,500 sick and injured people each year.

Signed in accordance with a resolution of the directors:

Andrew Refshauge
Chairman

Derek Colenbrander
Chief Executive Officer

Dated at Sydney on 28 June 2011

Statement of comprehensive income
for the year ended 30 April 2011

	Note	2011 $	2010 $
Ambulance Service of NSW		3,057,954	2,872,596
Motor Accidents Authority	6	1,000,000	3,200,000
Northern Territory Department of Health and Families		20,110,329	1,914,456
Aero-medical and other retrieval revenue		12,827,809	14,420,209
Fundraising	30	11,197,470	11,174,365
Total revenue		**48,193,562**	**33,581,626**
Operations and administration - costs of personnel		18,213,401	11,341,510
Direct costs of medical and aircraft retrieval		18,850,897	10,464,896
Costs of fundraising	30	5,710,041	5,513,650
Depreciation and amortisation	14 & 15	1,377,403	1,213,561
Insurance		459,283	410,713
Professional fees		960,306	798,978
General overheads		1,692,658	1,128,568
Net loss on sale of non-current assets		17,424	26,045
Total expenditure before devaluation		**47,281,413**	**30,897,921**
Surplus before net finance and devaluation of aircraft		**912,149**	**2,683,705**
Finance income	7	83,058	43,791
Finance expense	7	(519,889)	(461,735)
Net finance expense		**(436,831)**	**(417,944)**
Net surplus before devaluation of aircraft		**475,318**	**2,265,761**
Devaluation of aircraft	14 d)	(170,235)	(42,842)
Net surplus for the year		**305,083**	**2,222,919**
Other comprehensive income			
Devaluation of aircraft		-	(844,425)
Total comprehensive income for the year		**305,083**	**1,378,494**

The notes on pages 15 to 40 are an integral part of these financial statements.

CAREFLIGHT (NSW) LIMITED

Statement of changes in equity

	Note	Revaluation Reserve $	Retained Surplus $	Total $
Balance at 1 May 2009		844,425	4,785,223	5,629,648
Total comprehensive income for the period				
Net surplus		-	2,222,919	2,222,919
Other comprehensive income				
Devaluation		(844,425)	-	(844,425)
Total comprehensive income for the period		**(844,425)**	**2,222,919**	**1,378,494**
Transactions with members		**-**	**-**	**-**
Balance at 30 April 2010	**20**	**-**	**7,008,142**	**7,008,142**
Balance at 1 May 2010		-	7,008,142	7,008,142
Total comprehensive income for the period				
Net surplus			305,083	305,083
Other comprehensive income				
Devaluation		-	-	-
Total comprehensive income for the period			**305,083**	**305,083**
Transactions with members		**-**	**-**	**-**
Balance at 30 April 2011	**20**	**-**	**7,313,225**	**7,313,225**

The notes on pages 15 to 40 are an integral part of these financial statements.

Statement of financial position
as at 30 April 2011

	Note	2011 $	2010 $
Current assets			
Cash assets	9	3,560,482	2,713,317
Receivables	10	4,235,378	2,897,996
Inventories	11	163,209	209,513
Investments	12	1	2
Other	13	750,774	406,286
Total current assets		**8,709,844**	**6,227,114**
Non-current assets			
Aircraft	14	6,482,996	5,752,688
Land and buildings	15	2,123,222	2,163,344
Property, plant and equipment	15	3,273,340	2,647,296
Total non-current assets		**11,879,558**	**10,563,328**
Total assets		**20,589,402**	**16,790,442**
Current liabilities			
Payables	16	7,039,611	3,756,839
Interest bearing liabilities	17	1,204,747	3,173,244
Provisions	18	1,126,880	710,261
Total current liabilities		**9,371,238**	**7,640,344**
Non-current liabilities			
Interest bearing liabilities	17	3,668,553	1,964,867
Provisions	18	236,386	177,089
Total non-current liabilities		**3,904,939**	**2,141,956**
Total liabilities		**13,276,177**	**9,782,300**
Net assets		**7,313,225**	**7,008,142**
Capital funds			
Retained surplus	20	7,313,225	7,008,142
Total capital funds		**7,313,225**	**7,008,142**

The notes on pages 15 to 40 are an integral part of these financial statements.

Statement of cash flows
for the year ended 30 April 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Cash receipts in the course of operations		51,375,330	36,565,957
Cash payment in the course of operations		(46,945,232)	(32,939,265)
Finance income	7	83,058	43,791
Finance expense	7	(519,889)	(461,735)
Net cash from operating activities	23	**3,993,267**	**3,208,748**
Cash flows from investing activities			
Acquisition of aircraft, plant and equipment	14 & 15	(3,206,399)	(3,911,183)
Liquidation of subsidiaries		1	-
Proceeds on disposal of non-current assets		325,107	299,231
Net cash used in investing activities		**(2,881,291)**	**(3,611,952)**
Cash flows from financing activities			
Net finance lease payments		(264,811)	(84,432)
Net cash from/(used) in financing activities		**(264,811)**	**(84,432)**
Net increase/(decrease) in cash held		**847,165**	**(487,636)**
Cash and cash equivalents at 1 May		**2,713,317**	**3,200,953**
Cash and cash equivalents at 30 April	9	**3,560,482**	**2,713,317**

The notes on pages 15 to 40 are an integral part of these financial statements.

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 Company is a registered charity and a Public Benevolent Institution The principal activity of the Company is the operation of medical rescue aircraft services.

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 2011, the Company had 26 Members (2010:26), 7 (2010:7) of whom were directors of the Company.

2. Basis of preparation

a) Statement of compliance

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements 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 financial statements were authorised for issue by the Board of Directors on 28 June 2011.

b) Basis of measurement

The financial statements are prepared on the historical cost basis except for aircraft, which are stated at their fair values.

c) Functional and presentation currency

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

d) Use of estimates and judgements

The preparation of the financial statements in conformity with AIFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 14 – valuation of aircraft
- Note 18 – provisions
- Note 21 – valuation of financial instruments
- Note 22 – accounting for an arrangement containing a lease

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 2011, the Company reported a surplus of $305,083 and generated cash of $3,993,267. At year end, current liabilities exceeded current assets by $661,394. This was the result of the Company paying $1,273,047 to secure the purchase of a King Air B200 aircraft (VH-ZCX) on 15 April 2011 prior to a long-term financing agreement being executed on 27 May 2011 with the company's bank. On 1 June 2011 CareFlight received $1,273,047 in cash from the bank. The Directors believe that it is appropriate to prepare the financial report on a going concern basis.

3. Statement of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company 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 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 year.

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. Foreign currency differences arising on retranslation are recognised in profit or loss.

b) Financial instruments

(i) Non-derivative financial assets

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

The Company 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 Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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 with original maturities of three months or less.

3. Statement of significant accounting policies (continued)

b) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Company 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 Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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 Company has the following non-derivative financial liabilities: loans and borrowings, trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment except aircraft (refer Note 3 c) (v)) are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses (refer Note 3 f)).

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 the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained surplus.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Company 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.

3. Statement of significant accounting policies (continued)

c) Property, plant and equipment (continued)

(iii) Depreciation and amortisation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

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

Depreciation methods, useful lives and residual values are reviewed upon each reporting date and adjusted if appropriate.

(iv) Hangar facilities, plant and equipment

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

(v) Aircraft

The Company has adopted the fair value basis of valuation for the aircraft. 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 statement of comprehensive income, in which case the reversal of that impairment loss is also recognised in the statement 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 statement of comprehensive income.

d) Leased assets

Leases in terms of which the Company 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 are not recognised on the Company’s statement of financial position.

e) Inventories

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

3. Statement of significant accounting policies (continued)

f) Impairment

(i) Financial assets

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

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

An impairment loss in respect of a financial asset measured at amortised 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. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivable or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by the debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

All impairment losses are recognised in the statement 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 statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company'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.

3. Statement of significant accounting policies (continued)

g) 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 Company 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 Company as the benefits are taken by the employees.

(ii) Superannuation

The Company 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 statement of comprehensive income when they are incurred.

(iii) Long service leave

The Company's net obligation in respect of long-term service benefits, other than defined benefit 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 Company's obligations.

h) Revenue

(i) Revenue from 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 is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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. If it is probably that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Revenue from services rendered is recognised in profit or loss 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.

(ii) Government grants

Recurrent Government grants and capital grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are then recognised in profit or loss as other income. Grants that compensate the Company for expenses incurred are recognised as revenue in the statement 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 statement 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 statement of comprehensive income at fair value, with an equal amount being capitalised to the fixed asset to which they relate.

3. Statement of significant accounting policies (continued)

h) Revenue (continued)

(vi) Insurance cost recoveries

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

(vii) Aero-medical and other retrieval revenue

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

i) Lease payments

(i) Operating lease payments

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

(ii) Finance lease payments

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance expense is 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.

j) 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 statement of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement 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 statement of comprehensive income using the effective interest method. Foreign currency gains and losses are reported on a net basis.

k) 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 statement of financial position.

Cash flows are included in the statement 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.

l) Income tax

The Company is a Public Benevolent Institution and is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997.

3. Statement of significant accounting policies (continued)

m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 May 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

4. Determination of fair values

A number of the Company'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) Aircraft

The fair value of aircraft is based on market values. The market value of each aircraft is the estimated amount for which an aircraft 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 Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's 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 Company's risk management framework.

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

The Company's Audit and Risk Committee oversees how Management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

5. Financial risk management (continued)

a) Credit risk

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors have an influence on credit risk.

More than 72% of the Company's customers have been transacting with the Company for over 3 years and no impairment loss has been recognised against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are individual or legal entity, geographic location, aging profile, maturity and existence of previous financial difficulties.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company closely monitors its cash flow requirements to optimise its cash return on investments. Typically the Company 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 Company'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 Company is exposed to currency risk on purchases, borrowings and aircraft acquisitions and disposals that are denominated in a currency other than the functional currency of the Company being Australian dollar (AUD). The currency in which these transactions primarily are denominated is United States dollar (USD).

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

	Note	2011 $	2010 $
6. Motor Accidents Authority			
Recurrent funding		1,000,000	1,000,000
Capital grant		-	2,200,000
		1,000,000	**3,200,000**

	Note	2011 $	2010 $
7. Net finance income and expense			
Interest income		83,058	43,791
Finance income		**83,058**	**43,791**
Finance charges on capitalised leases		(449,801)	(460,119)
Foreign currency loss	7 a)	(70,088)	(1,616)
Finance expense		**(519,889)**	**(461,735)**
Net finance income and expense		**436,831**	**417,944**

a) During the year the Company made a foreign currency loss of $70,088 (2010: $1,616) by converting cash held in US dollars to Australian dollars.

	Note	2011 $	2010 $
8. Auditor's remuneration			
Audit services:			
Auditors of the Company – KPMG		53,897	51,405
Services other than statutory audit			
KPMG Australia			
Advisory and professional services		24,916	56,057
		78,813	**107,462**

	Note	2011 $	2010 $
9. Cash and cash equivalents			
Cash on hand		14,212	2,000
Cash at bank – unrestricted		2,821,530	1,927,131
Cash at bank – restricted		724,740	784,186
		3,560,482	**2,713,317**

	Note	2011 $	2010 $
10. Receivables			
Trade debtors		4,235,378	2,897,996
		4,235,378	**2,897,996**

The Company's exposure to credit risk related to receivables is discussed in Note 21.

	Note	2011 $	2010 $
11. Inventories			
Bear stock at cost		146,874	172,782
Fuel stock at cost		16,335	36,731
		163,209	**209,513**

	Note	2011 $	2010 $
12. Investments			
Share in CareFlight Australia Limited	12 a)	1	1
Share in CFT Helicopter Pty Ltd	12 b)	-	1
		1	**2**

a) 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.

b) On 5 May 2010 CareFlight (NSW) Limited deregistered its subsidiaries CFT Helicopter Pty Ltd (ACN 130 098 029) and Shadowstone Pty Ltd (ACN 051 222 809), and impaired its investment of $1.

	2011 $	2010 $
13. Other current assets		
Prepaid expenses	750,774	406,286
	750,774	**406,286**

14. Aircraft

	Note	Helicopter: Agusta A109 Power VH-IAG Leased $	Helicopter: Kawasaki BK117 VH-IME Leased $	Fixed Wing: King Air B200 VH-ZCX Owned $	Total $
At Valuation					
Balance at 1 May 2009		4,129,387	2,940,624	-	**7,070,011**
Amortisation for the year		(275,292)	(154,764)	-	**(430,056)**
Revaluation increment/(decrement)		(520,762)	(366,505)	-	**(887,267)**
Balance at 30 April 2010		**3,333,333**	**2,419,355**	**-**	**5,752,688**
Balance at 1 May 2010		3,333,333	2,419,355	-	**5,752,688**
Acquisition		-	-	1,273,047	**1,273,047**
Amortisation for the year		(238,092)	(134,412)	-	**(372,504)**
Revaluation increment/(decrement)	14 a), b), c) & d)	(251,204)	146,250	(65,281)	**(170,235)**
Balance at 30 April 2011		**2,844,037**	**2,431,193**	**1,207,766**	**6,482,996**
Carrying amounts					
At 1 May 2009		4,129,387	2,940,624	-	**7,070,011**
At 30 April 2010		**3,333,333**	**2,419,355**	**-**	**5,752,688**
At 1 May 2010		3,333,333	2,419,355	-	**5,752,688**
At 30 April 2011		**2,844,037**	**2,431,193**	**1,207,766**	**6,482,996**

a) Agusta A109 Power VH-IAG Helicopter

Directors' valuation of helicopter VH-IAG at 30 April 2011 is based on a valuation by Heliflite Pty Limited, the distributors of these helicopters in Australia (directors' valuation at 30 April 2010 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 1.0900 (2010: AUD 1 = USD 0.9300). In accordance with significant accounting policies (Note 3 c) (v)), total revaluation decrement for 2011 amounted to $251,204 (2010: revaluation decrement of $520,762).

b) Kawasaki BK117 VH-IME Helicopter

Directors' valuation of helicopter VH-IME at 30 April 2011 is based on a valuation by Slattery Valuations Pty Limited (directors' valuation at 30 April 2010 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 1.0900 (2010: AUD 1 = USD 0.9300). In accordance with significant accounting policies (Note 3 c) (v)), total revaluation increment for 2011 amounted to $146,250 (2010: revaluation decrement of $366,505).

c) King Air B200 VH-ZCX Fixed Wing Aircraft

Directors' valuation of fixed wing aircraft VH-ZCX at 30 April 2011 is based on a valuation by Slattery Valuations Pty Limited. The fixed wing aircraft is valued in US Dollars and is converted to Australian currency at the exchange rate at year end which was AUD 1 = USD 1.0900. In accordance with significant accounting policies (Note 3 c) (v)), total revaluation decrement for 2011 amounted to $65,281.
The aircraft was purchased on 15 April 2011 and as at balance date the aircraft was in transit and not in service. Depreciation will commence from the date the aircraft enters service.

d) Net revaluation decrement for 2011 was $170,235 (2010: $887,267). In accordance with significant accounting policies (Note 3 c) (v)) the total balance was recognised in the statement of comprehensive income.

15. Land and buildings, property, plant and equipment

	Land and buildings	Property, plant and equipment			
		Hangar facilities Westmead - owned	Other plant and equipment - owned	Other plant and equipment - leased	Total - Property, plant and equipment
	$	$	$	$	$
Cost					
Balance at 1 May 2009	-	15,355	3,910,075	441,037	**4,366,467**
Acquisitions	2,200,000	-	1,300,584	410,599	**1,711,183**
Leased assets capitalised	-	-	236,074	(236,074)	**-**
Disposals	-	-	(298,571)	(166,280)	**(464,851)**
Balance at 30 April 2010	**2,200,000**	**15,355**	**5,148,162**	**449,282**	**5,612,799**
Balance at 1 May 2010	2,200,000	15,355	5,148,162	449,282	**5,612,799**
Acquisitions	-	-	1,029,823	903,529	**1,933,352**
Leased assets capitalised	-	-	39,211	(39,211)	**-**
Disposals	-	-	(115,209)	(346,411)	**(461,620)**
Balance at 30 April 2011	**2,200,000**	**15,355**	**6,101,987**	**967,189**	**7,084,531**
Accumulated Depreciation					
Balance at 1 May 2009	-	3,161	2,308,462	46,606	**2,358,229**
Depreciation for the year	36,656	384	644,434	102,031	**746,849**
Disposals	-	-	(45,343)	(94,232)	**(139,575)**
Balance at 30 April 2010	**36,656**	**3,545**	**2,907,553**	**54,405**	**2,965,503**
Balance at 1 May 2010	36,656	3,545	2,907,553	54,405	**2,965,503**
Depreciation for the year	40,122	384	817,834	146,559	**964,777**
Disposals	-	-	(36,383)	(82,706)	**(119,089)**
Balance at 30 April 2011	**76,778**	**3,929**	**3,689,004**	**118,258**	**3,811,191**
Carrying amounts					
At 1 May 2009	**-**	**12,194**	**1,601,613**	**394,427**	**2,008,234**
At 30 April 2010	**2,163,344**	**11,810**	**2,240,609**	**394,877**	**2,647,296**
At 1 May 2010	**2,163,344**	**11,810**	**2,240,609**	**394,877**	**2,647,296**
At 30 April 2011	**2,123,222**	**11,426**	**2,412,983**	**848,931**	**3,273,340**

	Note	2011 $	2010 $
16. Trade and other payables			
Current			
Trade creditors		1,586,074	973,329
Other payables and accrued expenses		1,366,460	699,261
Income received in advance			
- restricted funds		724,740	784,186
- unrestricted sponsorship income received in advance		100,000	100,000
- deferred revenue		3,262,337	1,200,063
		7,039,611	**3,756,839**

The Company's exposure to market and liquidity risk related to payables is discussed in Note 21.

	Note	2011 $	2010 $
17. Interest bearing liabilities			
Current			
Hire purchase and lease liabilities		**1,204,747**	**3,173,244**
Non-current			
Hire purchase and lease liabilities		**3,668,553**	**1,964,867**

Financing arrangements
The Company's hire purchase and lease liabilities of $4,873,300 (2010: $5,138,111) are secured by the leased assets and, in the event of default, the assets revert to the financier.

	Note	2011 $	2010 $
18. Provisions			
Current			
Liability for annual leave		966,284	597,788
Liability for long service leave		160,596	112,473
	24	**1,126,880**	**710,261**
Non-current			
Liability for long service leave	24	**236,386**	**177,089**

	Note	2011 $	2010 $
19. Reserves			
Asset revaluation reserve at 1 May		-	844,425
Revaluation decrement		-	(844,425)
Asset revaluation reserve at 30 April		**-**	**-**

	Note	2011 $	2010 $
20. Retained surplus			
Retained surplus at 1 May		7,008,142	4,785,223
Net surplus for the year		305,083	2,222,919
Retained surplus at 30 April		**7,313,225**	**7,008,142**

21. 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 maximum exposure to credit risk for receivables at the reporting date by geographic region was:

	Note	Carrying amount	
		2011	**2010**
		$	**$**
Australia		3,815,485	2,671,428
Asia Pacific		286,402	99,068
Europe		133,491	127,500
	10	**4,235,378**	**2,897,996**

Impairment losses

	Gross 2011 $	Impairment 2011 $	Gross 2010 $	Impairment 2010 $
Not past due	3,765,905	-	2,469,310	-
Past due 0 – 30 days	210,142	-	320,470	-
Past due 31 – 60 days	135,173	-	92,387	-
Past due 61 – one year	124,158	-	15,829	-
More than one year	-	-	-	-
	4,235,378	**-**	**2,897,996**	**-**

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

21. 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:

30 April 2011	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	17	4,873,300	5,763,357	1,204,747	3,668,553	-
Trade creditors	16	1,586,074	1,586,074	1,586,074	-	-
Other payables and accrued expenses	16	1,366,460	1,366,460	1,366,460	-	-
		7,825,834	**8,715,891**	**4,157,281**	**3,668,553**	**-**

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	17	5,138,111	5,935,251	3,173,244	1,964,867	-
Trade creditors	16	973,329	973,329	973,329	-	-
Other payables and accrued expenses	16	699,261	699,261	699,261	-	-
		6,810,701	**7,607,841**	**4,845,834**	**1,964,867**	**-**

21. Financial instruments (continued)

c) Currency risk

Exposure to currency risk

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

	Note	2011 AUD	2011 USD	2010 AUD	2010 USD
Aircraft	14	6,482,996	7,066,465	5,752,688	5,350,000
Cash assets		55,090	60,048	5,486	5,102
Gross statement of financial position exposure		**6,538,086**	**7,126,513**	**5,758,174**	**5,355,102**
Estimated forecast purchases		1,710,670	1,864,630	609,585	566,914
Gross statement of comprehensive income exposure		**1,710,670**	**1,864,630**	**609,585**	**566,914**

The following significant exchange rates applied during the year:

	Average rate 2011 $	Average rate 2010 $	Reporting date spot rate 2011 $	Reporting date spot rate 2010 $
AUD:USD	1.0090	0.8667	1.0900	0.9300

Sensitivity analysis

A 10% strengthening of the Australian dollar against the following currencies 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 interest rates, remain constant. The analysis is performed on the same basis for 2010.

AUD	Capital funds $	Surplus/(deficit) $
30 April 2011		
USD	(589,364)	(5,008)

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

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.

21. 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 was:

	Note	Carrying amount 2011 $	2010 $
Fixed rate instruments			
Financial liabilities	17	4,873,300	5,138,111
		4,873,300	**5,138,111**
Variable rate instruments			
Cash assets	9	3,560,482	2,713,317
		3,560,482	**2,713,317**

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 2010.

	Surplus/(deficit)		Capital funds	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
30 April 2011				
Variable rate instruments	35,463	(35,463)	-	-
Cash flow sensitivity (net)	**35,463**	**(35,463)**	**-**	**-**
30 April 2010				
Variable rate instruments	27,133	(27,133)	-	-
Cash flow sensitivity (net)	**27,133**	**(27,133)**	**-**	**-**

21. 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.

2011	Note	Effective rate of interest %	Floating interest rate $	1 year or less $	1 to 5 years $	More than 5 years $	Non-interest bearing $	Total $
Financial assets								
Cash and cash equivalents	9	2.34%	3,546,270	-	-	-	14,212	3,560,482
Receivables	10		-	-	-	-	4,235,378	4,235,378
			3,546,270	**-**	**-**	**-**	**4,249,590**	**7,795,860**
Financial liabilities								
Payables	16		-	-	-	-	7,039,611	7,039,611
Interest bearing liabilities	17	7.48%	-	1,204,747	3,668,553	-	-	4,873,300
			-	**1,204,747**	**3,668,553**	**-**	**7,039,611**	**11,912,911**

2010	Note	Effective rate of interest %	Floating interest rate $	1 year or less $	1 to 5 years $	More than 5 years $	Non-interest bearing $	Total $
Financial assets								
Cash and cash equivalents	9	1.61%	2,699,577	-	-	-	13,740	2,713,317
Receivables	10		-	-	-	-	2,897,996	2,897,996
			2,699,577	**-**	**-**	**-**	**2,911,736**	**5,611,313**
Financial liabilities								
Payables	16		-	-	-	-	3,756,839	3,756,839
Interest bearing liabilities	17	6.8%	-	3,173,244	1,964,867	-	-	5,138,111
			-	**3,173,244**	**1,964,867**	**-**	**3,756,839**	**8,894,950**

21. Financial instruments (continued)

e) Fair values

Fair values versus carrying amounts

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

	Note	2011 $ Carrying amount	2011 $ Fair value	2010 $ Carrying amount	2010 $ Fair value
Cash assets	9	3,560,482	3,560,482	2,713,317	2,713,317
Receivables	10	4,235,378	4,235,378	2,897,996	2,897,996
Investments	12	1	1	2	2
Other current assets	13	750,774	750,774	406,286	406,286
Payables	16	(7,039,611)	(7,039,611)	(3,756,839)	(3,756,839)
Interest bearing liabilities	17	(4,873,300)	(4,873,300)	(5,138,111)	(5,138,111)
		(3,366,276)	**(3,366,276)**	**(2,877,349)**	**(2,877,349)**
Unrecognised (loss)/ gain		-	-	-	-

22. Commitments

	Note	Future minimum lease payments 2011 $	Interest 2011 $	Present value of minimum lease payments 2011 $	Future minimum lease payments 2010 $	Interest 2010 $	Present value of minimum lease payments 2010 $
Hire purchase and finance lease commitments for the Company are:							
Within one year	17	1,567,503	362,756	1,204,747	3,521,812	348,568	3,173,244
One year or later and no later than five years	17	4,195,854	527,301	3,668,553	2,413,439	448,572	1,964,867
		5,763,357	**890,057**	**4,873,300**	**5,935,251**	**797,140**	**5,138,111**
Operating lease commitments for the Company are:							
Within one year	22 a)	**480,000**	**-**	**480,000**	**480,000**	**-**	**480,000**

a) The operating lease for BK 117 helicopter VH-BIF was due to expire on 30 April 2011. The Company has extended the lease for a further term of 12 months to 30 April 2012. The helicopter has been deployed in northern Australia to fulfil commitments under medical retrieval contracts.

23. Notes to the statement of cashflows

a) Reconciliation of cash

For the purposes of the statement 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 statement of cashflows is reconciled to the related items in the statement of financial position as follows:

	Note	2011 $	2010 $
Cash on hand		14,212	2,000
Cash at bank		3,546,270	2,711,317
	9	**3,560,482**	**2,713,317**

b) Reconciliation of cashflow from operating activities

	Note	2011 $	2010 $
Net surplus for the period		305,083	2,222,919
Add items classified as investing/financing activities:			
Net loss on disposal of non-current assets		17,424	26,045
Add non-cash items:			
Amortisation		372,504	430,056
Depreciation		1,004,899	783,505
Devaluation		170,235	42,842
Operating surplus before changes in working capital and provisions		**1,870,145**	**3,505,367**
(Increase)/decrease in trade debtors		(1,337,382)	(70,245)
(Increase)/decrease in inventory		46,304	97,220
(Increase)/decrease in other receivables		(344,488)	35,683
Increase/(decrease) in payables		3,282,772	(553,542)
Increase/(decrease) in provisions		475,916	194,265
Net cash from operating activities		**3,993,267**	**3,208,748**

24. Employee benefits

	2011 $	2010 $
Aggregate liability for employee entitlements including on-costs:		
Current	1,126,880	710,261
Non-current	236,386	177,089
	1,363,266	**887,350**
Number of employees		
Number of employees at year end	**154**	**89**

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 nominated by each employee.

Types of benefits

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

Contributions	2011 $	2010 $
Details of contributions during the year are as follows:		
Employer contributions to the funds	**1,169,419**	**805,465**

25. Related party disclosure

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

Non-executive directors	**Other executives**
Sean BEEHAN	Luke BRADSHAW – Chief Engineer
David BOWEN	Alan GARNER – Medical Director
Garry DINNIE	Don KEMBLE – Manager Community & Sponsor Engagement
Anna GUILLAN (Appointed 14.12.2010)	Jeff KONEMANN – Chief Pilot
Andrew REFSHAUGE	David MANN – General Manager Northern Operations
John SZANGOLIES (Resigned 28.6.2010)	Trent OSBORN – Fundraising Manager
	Jude PETTITT – Human Resources Manager
Executive directors	Paul SMITH – National Manager CareFlight International
Ian BADHAM – Media Relations Manager	Rajini SURENDRAN – Finance Manager
Derek COLENBRANDER – Chief Executive Officer	Gary WILLIAMS – Chief Information Officer

25. Related party disclosure (continued)

a) Transactions with key management personnel

	2011 $	2010 $
Short term employee benefits	1,651,539	1,693,992
Long term employee benefits	139,890	148,896
	1,791,429	**1,742,888**

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 $59,250 (2010: $56,250) for these services under normal market rates.

Paul Smith, National Manager CareFlight International, purchased a motor vehicle from the Company for $19,000 on normal commercial terms.

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 $14,400 (2010: $14,850) for these services under normal market rates.

Max Mann, father of David Mann, General Manager Northern Operations provided engineering support services to the Company. He was paid $86,605 (2010: $9,417) for these services under normal market rates.

26. Economic dependency

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

27. Events subsequent to reporting date

On 5 May 2011, the Company purchased a King Air B200 aircraft (VH-ZCY) for $971,288. On 1 June 2011, the Board approved the purchase of the following aircraft:-

- King Air B200 (VH-ZMQ) - for USD1,125,000
- King Air B200 (VH-ZXM) - for USD1,037,000

On 16 June 2011 the NT Government announced that the Company has been awarded the Top End Aero-Medical Services Contract.

Discussions are currently underway with the NT Government regarding transition from the interim to the long term service.

28. Registered charity

The Company is an authorised fundraiser under the provisions of the Charitable Fundraising Act 1991(NSW), the Fundraising Act 1998 (VIC) and the Charitable Collections Act 2003 (ACT).

29. Information and declaration to be furnished under the Charitable Fundraising Act 1991 (NSW) , the Fundraising Act 1998 (VIC) and the Charitable Collections Act 2003 (ACT)

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.

30. Statement of income and expenditure

	2011 $	2010 $
Revenue		
Telemarketing bears	6,189,031	6,005,983
Sponsors	100,000	700,000
Direct mail appeals	1,220,383	1,219,396
Marketing and promotion	1,656,603	1,638,449
Donations	2,031,453	1,610,537
Gross revenue from fundraising	**11,197,470**	**11,174,365**
Expenditure		
Telemarketing bears	4,214,250	4,038,208
Direct mail appeals	353,445	354,056
Marketing and promotion	929,657	863,104
Donations	212,689	258,282
Total costs of fundraising	**5,710,041**	**5,513,650**
Net surplus from fundraising	**5,487,429**	**5,660,715**
Other revenue		
Ambulance Service of NSW	3,057,954	2,872,596
Motor Accidents Authority	1,000,000	3,200,000
Northern Territory Department of Health and Families	20,110,329	1,914,456
Aero-medical and other retrieval revenue	12,827,809	14,420,209
Finance income	83,058	43,791
	37,079,150	**22,451,052**
Other expenditure		
Operations and administration - costs of personnel	18,213,401	11,341,510
Direct costs of medical and aircraft retrieval	18,850,897	10,464,896
Depreciation and amortisation	1,377,403	1,213,561
Insurance	459,283	410,713
Professional fees	960,306	798,978
General overheads	1,692,658	1,128,568
Exchange rate loss	70,088	1,616
Finance charges on capitalised leases	449,801	460,119
Impairment loss on non-current assets	17,424	26,045
Devaluation	170,235	42,842
	42,261,496	**25,888,848**
Total revenue	48,276,620	33,625,417
Total expenditure	47,971,537	31,402,498
Net surplus transferred to retained surplus	**305,083**	**2,222,919**

31. Statement showing how funds received from fundraising appeals were applied to charitable purposes

	2011 $	2010 $
Net surplus from fundraising	**5,487,429**	**5,660,175**
This was applied to the charitable purposes in the following manner:		
Expenditure on general operating and administration costs	**5,487,429**	**5,660,715**
Total other expenditure	42,261,496	25,888,848
Less: Net surplus from fundraising	5,487,429	5,660,715
Shortfall	**36,774,067**	**20,228,133**
Shortfall of $36,774,067 (2010: $20,228,133) was provided from the following sources:		
Ambulance Service of NSW	3,057,954	2,872,596
Motor Accidents Authority	1,000,000	3,200,000
Northern Territory Department of Health and Families	20,110,329	1,914,456
Other medical and helicopter retrieval revenue	12,827,809	14,420,209
Finance income	83,058	43,791
	37,079,150	**22,451,052**
Less: Shortfall between surplus available from fundraising appeals conducted and total expenditure	36,774,067	20,228,133
Net surplus	**305,083**	**2,222,919**

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

	2011	2010
Gross income	**7,264,835**	**7,000,586**
Total expenditure incurred	**4,983,574**	**4,773,564**

33. Comparisons of certain monetary figures and percentages

	2011 $	2011 %	2010 $	2010 %
Total cost of fundraising / gross income from fundraising	5,710,041/ 11,197,470	51	5,513,650/ 11,174,365	49
Net surplus from fundraising / gross income from fundraising	5,487,429/ 11,197,470	49	5,660,715/ 11,174,365	51
Total costs of services / total expenditure	37,064,298/ 47,971,537	77	21,806,406/ 31,402,498	69
Total costs of services / total income	37,064,298/ 48,276,620	77	21,806,406/ 33,625,417	65

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 statement 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 2011;

(b) the statement of financial position give a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 April 2011;

(c) the provisions of the Charitable Fundraising Act 1991 (NSW), the Fundraising Act 1998 (VIC) and the Charitable Collections Act 2003 (ACT), the Regulations under the Act(s) and the conditions attached to the authority have been complied with for the financial year ended 30 April 2011; 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 28 June 2011

Directors' declaration

1 In the opinion of the directors of CareFlight (NSW) Limited

(a) the financial statement and notes, set out on pages 11 to 40, 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 2011 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 28 June 2011

KPMG

Independent auditor's report to the members of CareFlight (NSW) Limited Pursuant to the Corporations Act 2001 and Charitable Fundraising (NSW) Act 1991

Report on the financial report

We have audited the accompanying financial report of CareFlight (NSW) Limited ("the Company") for the financial year ended 30 April 2011, which comprises the statement of financial position as at 30 April 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 33 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

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

Independent auditor's report to the members of CareFlight (NSW) Limited Pursuant to the Corporations Act 2001 and Charitable Fundraising (NSW) Act 1991 (continued)

Independence

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

Basis for qualified auditor's opinion

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 record. We are therefore unable to express an opinion whether the fundraising revenue of CareFlight (NSW) Limited obtained is complete.

In respect of the qualification however, based on our understanding 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 auditor's 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 limitation referred to in the qualification paragraph not existed, the financial report of CareFlight (NSW) Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 April 2011 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

KPMG

Independent auditor's report to the members of CareFlight (NSW) Limited Pursuant to the Corporations Act 2001 and Charitable Fundraising (NSW) Act 1991 (continued)

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

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation referred to in the qualification paragraph 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 2011;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 May 2010 to 30 April 2011, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;

(c) money received as a result of fundraising appeal activities conducted during the period from 1 May 2010 to 30 April 2011 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations, and

(d) there are reasonable grounds to believe that CareFlight (NSW) Limited will be able to pay its debt as and when they fall due.

KPMG

KPMG

Phillip M Napier
Partner

Sydney

28 June 2011

KPMG

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

To: the directors of CareFlight (NSW) Limited

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

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

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

KPMG

Phillip M Napier
Partner

Sydney

28 June 2011