CareFlight Limited
(a company limited by guarantee)

ACN 003 093 445

ANNUAL FINANCIAL REPORT
30 APRIL 2012

CareFlight Limited
4-6 Barden Street
Northmead NSW 2152

CAREFLIGHT LIMITED DIRECTORS' REPORT

The directors present their report together with the financial report of CareFlight Limited ("CareFlight") and of the Group, being CareFlight and its subsidiary, for the financial year ended 30 April 2012 and the Auditor's report thereon.

1. **A year of consolidation**

This year we bedded down our long term Top End Aero Medical Services Contract. To achieve this we invested in the support services and systems required to sustain our greater scale and meet the high quality and reporting standards that we set for ourselves and that our customers increasingly expect. Testament to the progress we have made in improving our support services was the certification of our business systems to the International Standard for Quality (ISO9001) and the certification of our healthcare quality and safety systems to the Australian Standard, namely the Core Standards of Safety and Quality in Healthcare. The latter means that CareFlight can now proudly display the "5 ticks" mark across the organisation for both Quality and Safety in Healthcare.


CERTIFICATE
OF REGISTRATION

This is to certify that:

CareFlight Limited

4 Barden Street NORTHMEAD NSW 2152 AUSTRALIA
6 Fenton Court (Darwin Airport) MARRARA NT 0812 AUSTRALIA

operates a

QUALITY MANAGEMENT SYSTEM

which complies with the requirements of

ISO 9001:2008 incorporating The Core Standards for Quality and Safety in Healthcare

for the following scope

The provision of rapid response critical care to ill and injured, utilising specially trained doctors, nurses and paramedics via helicopters, fixed wing aircraft and road ambulances to bring a hospital level of care to patients.

Certificate No: QIH20028

Issued: 19 April 2012
Expires: 15 April 2015

Originally Certified: 16 April 2012
Current Certification: 16 April 2012

Certification Manager

JAS-ANZ

SAI GLOBAL

Certified System
Quality
in Health
ISO 9001 +
Core Stds
SAI GLOBAL

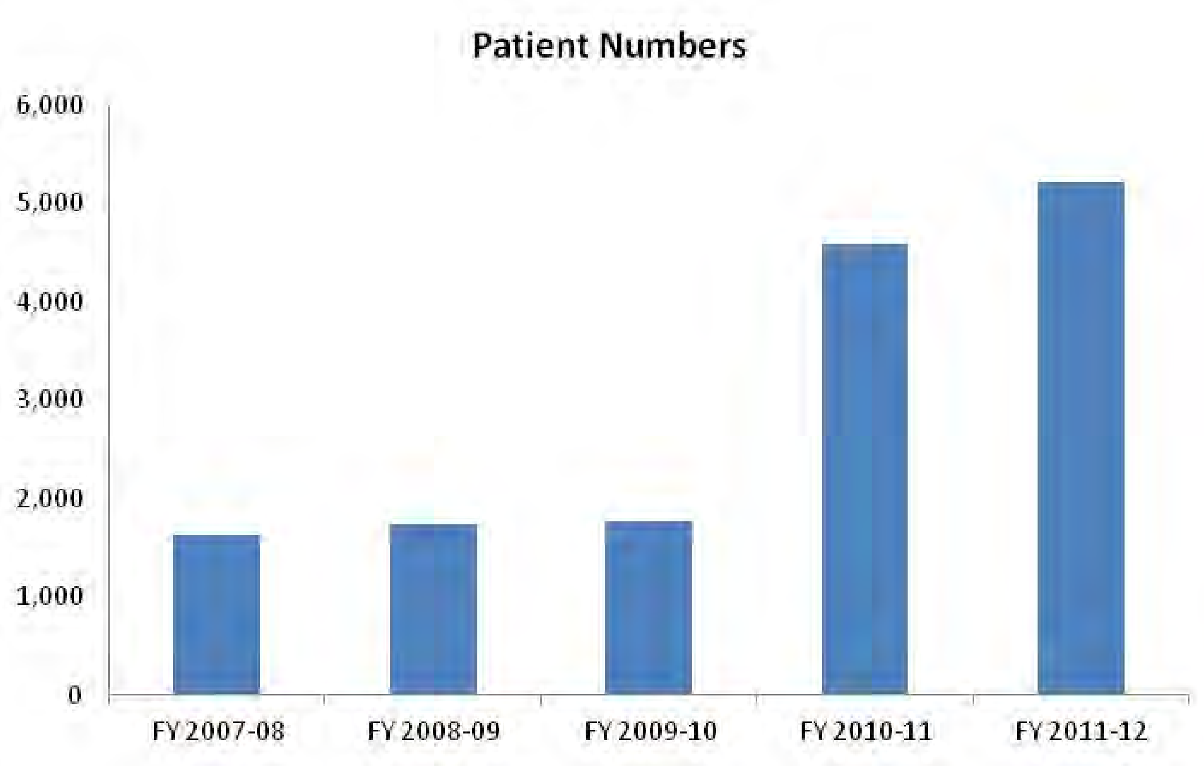
Certified System
Quality
ISO 9001
SAI GLOBAL

2. **Social impact**

Measuring social impact in the not-for-profit sector is often exceedingly difficult. Many not-for-profit organisations struggle to demonstrate how their service is actually making a difference and generating sustainable, long term social benefit. CareFlight is in a more fortunate position, being able to point to two measures of social impact – patient numbers and the research outcomes of our long-running Head Injury Retrieval Trial (HIRT).

Patient numbers

In the aero-medical sector, the number of patients treated and transported is a meaningful proxy for social impact. Using that proxy, it is clear that CareFlight's social impact has increased dramatically over the past two years. As will be apparent from the table below, CareFlight has brought help to many more people, in terms of saving lives and speeding recovery.



HIRT research outcomes

HIRT was a randomized clinical trial conducted by CareFlight over six years, from 2005 until 2011. The trial was designed to test the long held but empirically unproven view that early physician intervention in head injury trauma produces better clinical outcomes than the standard paramedic level of care that patients have historically received, in Australia and internationally.

The clinical results of the trial have now been analysed and published. The headline results are that the rapid response, physician-led system of care pioneered by CareFlight in Australia delivers:

- improvement in morbidity for transport patients (i.e. reduction in degree of disability outcome)
- improvement in mortality for transport patients (i.e. reduction in the death rate)
- reduced time in hospital intensive care units
- superior operational response and retrieval times
- improved response system for paediatric trauma cases

All these improvements are statistically significant. Accordingly, for the first time, CareFlight has direct, compelling empirical evidence of our social impact. We are hopeful that this evidence will drive improvements across the aero-medical sector.

In combination, these measures – patient numbers and HIRT research outcomes – demonstrate that our doctors and nurses are helping more patients, reaching them faster and producing better clinical outcomes than ever before.

3. **Northern operations**

On 16 June 2011, the NT Government announced that CareFlight had been awarded a ten year contract to provide aero-medical retrieval services to the people of the Top End. This is the first time in the history of the Australian aero-medical sector that a government - Federal, State or Territory - has awarded a long term, fully integrated contract of this nature, calling for a single operator to provide a totally integrated aero-medical solution, covering the provision of doctors, nurses, pilots, aircrew, fixed wing aircraft, helicopters, engineering and logistics coordination.

Given that CareFlight already held the interim contract to provide all bar the medical component of this integrated service, the implementation has been relatively straight-forward. After a five month ramp-up and familiarization process, the medical component, involving the provision of flight doctors and consultant level clinical oversight, was fully operational by mid-February 2012. The only outstanding component of the long term service delivery model is the introduction into service of the four near-new aircraft that are scheduled to come on-line in the last few months of 2012. These aircraft have been purchased and are currently undergoing modifications, two of them in the United States and two in Australia.

4. **Eastern operations**

In February this year the NSW Ministry of Health announced a review of NSW Aero Medical (Rotary Wing) Services. The review is currently underway, with a final report scheduled to be released in December 2012. The outcome of that review will determine the long term future of our Westmead based helicopter emergency medical service (HEMS).

CareFlight has been given the opportunity to make submissions to the review panel. Although we obviously cannot predict the outcome of the review, we believe that based on the evidence of the HIRT trial, there will be an ongoing role for our Westmead based HEMS operation.

The service is currently funded by CareFlight's fundraising activities and by a grant from the Motor Accidents Authority.

5. **Medical services**

Our Medical Division faced the challenge of building, from scratch, the doctor component of our Top End Aero Medical Service. With excellent planning, and the benefit of the ramp-up phase allowed under our contract with the NT Government, the team successfully completed the transition from the previous NT Government provided doctor model to the new CareFlight doctor model on 6 February 2012. The transition required the development and implementation of a bespoke software solution to facilitate the capture, recording and reporting of patient data.

The implementation of the Top End Aero Medical Services contract has significantly increased the scale of our medical operations. CareFlight now employs 82 doctors and 90 nurses. Of these, 16 of the doctors and 32 of the nurses are full- time employees. The remainder of our medical workforce is made up of part-time staff, nearly all of whom also work in leading teaching hospitals in the public hospital system. Our link with the public hospital system adds an unseen but very powerful dimension to CareFlight's medical capability – relationships with clinicians throughout the medical fraternity and the ability to informally and very quickly access the very best clinical advice and support available in Australia.

6. **International**

Our international air ambulance operation was affected by a downturn in demand in FY2011-12, resulting from the combined effect of the global financial crisis, the high Australian dollar, increased competition from operators in Asia and cost containment measures by key customers. This "perfect storm" drove down mission numbers, bringing with it a rapid deterioration in margins. In response, we started shifting away from dedicated jet charter arrangements, with high fixed standing charges, and began reverting to the variable cost *ad hoc* jet charter model that we previously used. This has substantially reduced the fixed costs of our international service. With this reduced cost base, we are well positioned to ride out a prolonged slow-down in the international air ambulance market.

7. **Fundraising**

Year in, year out, our Fundraising Department delivers reliable, predictable revenue streams that underpin our charitable services.

This year was no different. Highlights of the Fundraising Department's performance were:

- continued rapid growth in our regular giving program, which delivered income of $1,189,359 with minimal overhead cost

- much greater traction in corporate sponsorship, with Johnson & Johnson committing to a generous grant of $450,000 over three years for our MediSim Program and the Mounties Club committing to a sponsorship of $300,000 over three years

- another very successful year for our direct mail campaigns (total revenue $1,357,273)

- a record year for bequest income (a total of $505,088)

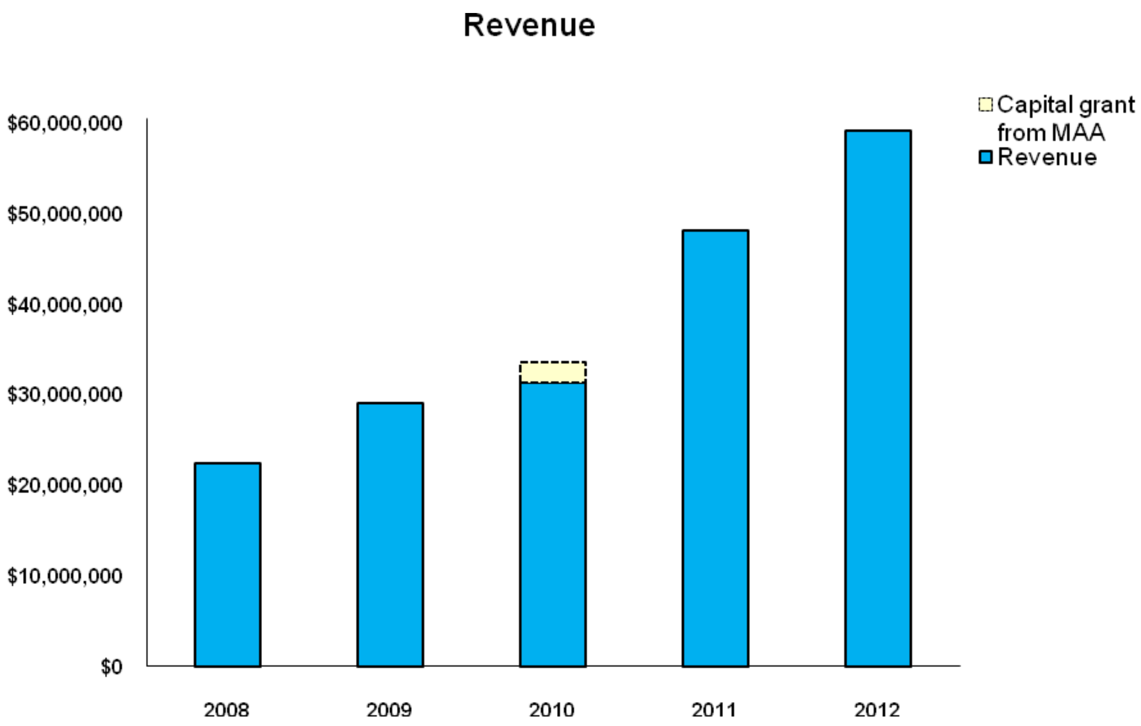
Total fundraising revenue amounted to $12,930,344 (2011: $12,197,470).

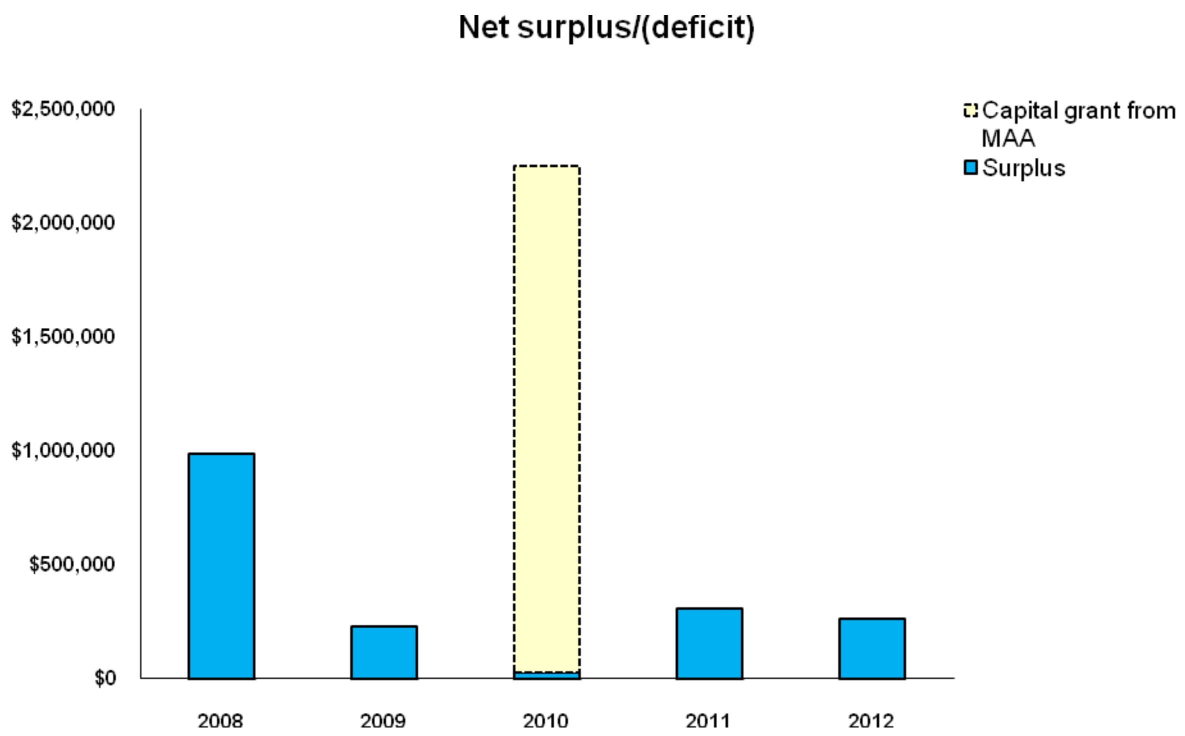
We thank all our donors, large and small, whose gifts have helped us save lives, speed recovery and serve the community – every dollar makes a difference.

8. Financial Overview

Driven largely by the phased implementation of the Top End Aero Medical Services Contract, in particular the introduction of CareFlight consultants and flight doctors in the Top End, total revenue grew by $11,100,685, from $48,193,562 to $59,294,247. The net surplus for the year was $251,160 compared with a net surplus of $305,083 in FY 2010-11. Were it not for the unexpected decline in mission volume in our international air ambulance service, our surplus this year would have been significantly higher.

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





9. 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.

10. Indemnification and insurance of officers

The Company has provided for and paid premiums totalling $12,870 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.

11. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 52 and forms part of the Directors' Report for the financial year 2012.

12. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

13. 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	66	• Extensive experience in journalism and corporate administration and the development of civil helicopter rescue services in Australia since 1971. • Northern Territory resident director. • Director since 9 May 1986.
Sean BEEHAN MB, ChB, FANZCA Independent Non-Executive Director	54	• Specialist anaesthetist in the 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	55	• Extensive experience in the insurance industry and in government legal administration. • Former Chief Executive Officer, Lifetime Care and Support Authority. • Member of the Audit & Risk Committee. • Director since 18 December 2007.
Derek COLENBRANDER BA, LLB Chief Executive Officer Executive Director	58	• 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	60	• 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 & Risk Committee. • Director since 23 February 2010.
Anna GUILLAN MBA Independent Non-Executive Director	54	• 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 & Risk Committee. • Director since 14 December 2010.

Name, qualifications and independence status	Age	Experience and special responsibilities
Andrew REFSHAUGE MB, BS, FAICD Chairman Independent Non-Executive Director	63	• 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.

14. 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 & Risk Committee	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
I Badham	10	9	-	-
S Beehan	10	8	-	-
D Bowen	10	8	2	1
D Colenbrander	10	10	-	-
G Dinnie	10	10	2	2
A Guillan	10	9	2	2
A Refshauge	10	10	-	-

15. 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 & 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 in the performance of their duties and responsibilities as directors.

The Chairman of the Board 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. The Chairman of the Audit & Risk Committee 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 chairman of a board committee. 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 allowances paid to the Chairman of the Board and the Chairman of the Audit & Risk Committee.

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 & Risk Committee

The primary function of the Audit & 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 & 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 Group'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 & 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 CareFlighter 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.

16. Thank you

This year, CareFlight helped more people than ever. Right at the forefront of delivering that help were our operational teams, some of them working 24/7 standby shifts, all of them going the extra mile when required. We acknowledge and thank our dedicated frontline medical staff and aviators for their hands on work, responding quickly and expertly to those in urgent need of medical care. At the same time, we acknowledge the behind the scenes work of our fundraising and support staff who find the money and provide the support that makes it all possible.

Our very diverse staff, drawn from many nations and cultures, are united by the wonderful ethos of CareFlight, as articulated in our Guiding Principles. That ethos is responsible for generating the commitment, energy and passion that are the hallmarks of CareFlight, part of our organisational DNA. As a Board, we are immensely proud of our people and the service they provide to the community.

As always we are thankful to the community we serve. Your ongoing commitment not only helps support the care and transport of the critically ill and injured patients we carry, but also contributes to the education of our people, the training we provide to other emergency services personnel and the research we undertake in pursuit of best practice. We thank you for donating so generously, for volunteering in so many ways and for continuing to put your trust in us.

Signed in accordance with a resolution of the directors:

Andrew Refshauge
Chairman

Derek Colenbrander
Chief Executive Officer

Dated at Sydney on 29 June 2012

Statement of comprehensive income
for the year ended 30 April 2012

	Note	Consolidated 2012 $	2011 $ (Reclassified)*
Ambulance Service of NSW		3,200,558	3,057,954
Northern Territory Department of Health		28,086,819	20,110,329
Aero-medical and other retrieval revenue		15,076,526	12,827,809
Fundraising – donations and sponsorship	30	5,299,290	4,351,836*
Fundraising – merchandising and events	30	7,631,054	7,845,634
Total revenue		**59,294,247**	**48,193,562**
Operations and administration - costs of personnel		24,998,561	18,213,401
Direct costs of medical and aircraft retrieval		20,200,015	18,850,897
Costs of fundraising - donations and sponsorship	30	697,626	566,134
Costs of fundraising - merchandising and events	30	5,467,445	5,143,907
Depreciation and amortisation	13, 14, 15	2,137,793	1,377,403
Insurance		649,690	459,283
Professional fees		1,730,954	960,306
General overheads		2,458,008	1,692,658
Net loss on sale of non-current assets		14,362	17,424
Total expenditure before devaluation		**58,354,454**	**47,281,413**
Surplus before net finance and devaluation of aircraft		**939,793**	**912,149**
Finance income	6	158,318	83,058
Finance expense	6	(846,951)	(519,889)
Net finance expense		**(688,633)**	**(436,831)**
Net surplus before devaluation of aircraft		**251,160**	**475,318**
Devaluation of aircraft	13 a)	-	(170,235)
Net surplus for the year		**251,160**	**305,083**
Other comprehensive income			
Revaluation of aircraft	13 a)	10,671	-
Total comprehensive income for the year		**261,831**	**305,083**

The notes on pages 16 to 47 are an integral part of these financial statements.

* In 2011 Motor Accidents Authority (MAA) sponsorship of $1,000,000 was recognised separately. In 2012, MAA sponsorship has been included in revenue from fundraising donations and sponsorship of $5,299,290. Prior year comparatives and accompanying notes have been restated to reflect this reclassification.

Statement of changes in equity
for the year ended 30 April 2012

	Note	Consolidated		
		Revaluation Reserve **$**	**Retained Surplus** **$**	**Total** **$**
Balance at 1 May 2010		-	7,008,142	7,008,142
Total comprehensive income for the year				
Net surplus			305,083	305,083
Other comprehensive income				
Devaluation		-	-	-
Total comprehensive income for the year			**305,083**	**305,083**
Transactions with members		**-**	**-**	**-**
Balance at 30 April 2011	**20**	**-**	**7,313,225**	**7,313,225**
Balance at 1 May 2011		-	7,313,225	7,313,225
Total comprehensive income for the year				
Net surplus		-	251,160	251,160
Other comprehensive income				
Devaluation	19	10,671	-	10,671
Total comprehensive income for the year		**10,671**	**7,564,385**	**7,575,056**
Transactions with members		**-**	**-**	**-**
Balance at 30 April 2012	**19, 20**	**10,671**	**7,564,385**	**7,575,056**

The notes on pages 16 to 47 are an integral part of these financial statements.

Statement of financial position
as at 30 April 2012

	Note	Consolidated 2012 $	2011 $
Current assets			
Cash assets	8	6,246,432	3,560,482
Trade and other receivables	9	2,505,260	4,235,378
Inventories	10	195,042	163,209
Investments	11	1	1
Other	12	612,073	750,774
Total current assets		**9,558,808**	**8,709,844**
Non-current assets			
Aircraft	13	27,121,506	6,482,996
Land and buildings	14	2,609,156	2,123,222
Property, plant and equipment	15	4,947,994	3,273,340
Total non-current assets		**34,678,656**	**11,879,558**
Total assets		**44,237,464**	**20,589,402**
Current liabilities			
Payables	16	9,140,555	7,039,611
Interest bearing liabilities	17	2,466,004	1,204,747
Provisions	18	1,698,863	1,126,880
Total current liabilities		**13,305,422**	**9,371,238**
Non-current liabilities			
Interest bearing liabilities	17	23,083,736	3,668,553
Provisions	18	273,250	236,386
Total non-current liabilities		**23,356,986**	**3,904,939**
Total liabilities		**36,662,408**	**13,276,177**
Net assets		**7,575,056**	**7,313,225**
Capital funds			
Reserves	19	10,671	-
Retained surplus	20	7,564,385	7,313,225
Total capital funds		**7,575,056**	**7,313,225**

The notes on pages 16 to 47 are an integral part of these financial statements.

Statement of cash flows
for the year ended 30 April 2012

	Note	Consolidated 2012 $	2011 $
Cash flows from operating activities			
Cash receipts in the course of operations		67,066,896	51,375,330
Cash payments in the course of operations		(59,428,171)	(46,945,232)
Finance income	6	158,318	83,058
Finance expense	6	(846,951)	(519,889)
Net cash from operating activities	23	**6,950,092**	**3,993,267**
Cash flows from investing activities			
Acquisition of aircraft, plant and equipment	13, 14,15	(25,180,199)	(3,206,399)
Liquidation of subsidiaries		-	1
Proceeds on disposal of non-current assets		239,617	325,107
Net cash used in investing activities		**(24,940,582)**	**(2,881,291)**
Cash flows from financing activities			
Net finance lease payments		20,676,440	(264,811)
Net cash from/(used) in financing activities		**20,676,440**	**(264,811)**
Net increase/(decrease) in cash held		**2,685,950**	**847,165**
Cash and cash equivalents at 1 May		**3,560,482**	**2,713,317**
Cash and cash equivalents at 30 April	8	**6,246,432**	**3,560,482**

The notes on pages 16 to 47 are an integral part of these financial statements.

Notes to financial statements

1. Reporting entity

CareFlight 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 2012 comprise the Company and its subsidiary CareFlight (NT) Limited refer to note II (together referred to as the 'Group'). 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. On 22 December 2011, the Company changed its name from CareFlight (NSW) Limited to CareFlight Limited. 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 2012, the Company had 26 Members (2011: 26), seven (2011: seven) 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 consolidated financial statement 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 authorised for issue by the Board of Directors on 26 June 2012.

b) Basis of measurement

The consolidated 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 consolidated financial statements are presented in Australian dollars, which is the Group'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 13 – 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 2012, the Company reported a surplus of $251,160 and generated cash of $6,950,092. At year end, current liabilities exceeded current assets by $3,746,614. Included in current liabilities is deferred revenue of $4,552,397, which in the normal course of business will be recognised as revenue, in accordance with the terms and conditions of the Company's contract with Northern Territory Government. In view of the Company's history of generating surpluses, the overall net asset position of $7,575,056 and the favourable cashflow projection, the Board considers it is appropriate to prepare the financial report on a going concern basis.

f) Reclassification of comparative information

Prior year comparatives for certain items of revenue and expenditure have been reclassified between categories to more appropriately reflect statement of comprehensive income classifications. There is no impact on the surplus or deficit for the comparative period as a result of these reclassifications.

Motor Accidents Authority revenue was previously reported separately as $1,000,000 in 2011. In 2012, this has been reclassified as part of fundraising revenue. Certain hangar facilities assets have been reclassified in property, plant and equipment within Note 15.

g) Removal of parent entity financial statements

The Group has applied amendments to the Corporations Act (2001) that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in note 34.

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 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.

2. Statement of significant accounting policies (continued)

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.

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

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

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

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

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

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

The Group has 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 Group'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 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.

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

(v) Aircraft

The Group has adopted the fair value basis of valuation for 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 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 are not recognised on the Group's statement of financial position.

e) Inventories

Inventories are stated 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 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 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 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.

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 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 statement 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 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 Group will comply with the conditions associated with the grant and are then recognised in profit or loss as other income. Grants that compensate the Group 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 Group 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 Group. 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 Group 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

Aero-medical and other retrieval 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 and 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 Group 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 2012, 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 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) 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. 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.

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

This note presents information about the Group'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 Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through 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 Group's Audit & Risk Committee oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

5. Financial risk management (continued)

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. However, Management also considers the demographics of the Group'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 85% of the Group's customers have been transacting with the Group 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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 aims to ensure 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 aircraft acquisitions and disposals that are denominated in a currency other than the functional currency of the Group being Australian dollars (AUD). The currency in which these transactions primarily are denominated is United States dollars (USD).

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.

	Note	Consolidated 2012 $	2011 $
6. Net finance income and expense			
Interest income		59,504	83,058
Foreign currency gain		98,814	-
Finance income		**158,318**	**83,058**
Finance charges		(834,943)	(449,801)
Foreign currency loss		(12,008)	(70,088)
Finance expense		**(846,951)**	**(519,889)**
Net finance expense		**688,633**	**436,831**
7. Auditor's remuneration			
Audit services:			
Auditors of the Company – KPMG		93,214	53,897
Services other than statutory audit			
KPMG Australia			
Advisory and professional services		48,420	24,916
		141,634	**78,813**
8. Cash and cash equivalents			
Cash on hand		19,629	14,212
Cash at bank – unrestricted		4,791,419	2,821,530
Cash at bank – restricted		1,435,384	724,740
		6,246,432	**3,560,482**
9. Receivables			
Trade debtors		2,084,147	4,235,378
Other trade receivables		421,113	-
		2,505,260	**4,235,378**

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

	Note	2012 $	2011 $
10. Inventories			
Bear stock at cost		189,598	146,874
Fuel stock at cost		5,444	16,335
		195,042	**163,209**

	Note	Consolidated 2012 $	2011 $
11. Investments			
Share in CareFlight Australia Limited	11 a)	1	1
		1	**1**

a) CareFlight Australia Limited was registered as a public company on 7 September 2007. CareFlight Limited and CareFlight (QLD) Limited hold one share each. This is an equity accounted associate.

b) CareFlight (NT) Limited was incorporated on 17 June 2011, as a wholly-owned subsidiary of CareFlight Limited. This company is limited by guarantee.

	2012 $	2011 $
12. Other current assets		
Prepaid expenses	612,073	750,774
	612,073	**750,774**

13. Aircraft

	Note	Consolidated Rotary Wing 13.1 $	Fixed Wing 13.2 $	Total $
At Valuation				
Balance at 1 May 2010		5,752,688	-	**5,752,688**
Acquisition		-	1,273,047	**1,273,047**
Amortisation for the year		(372,504)	-	**(372,504)**
Revaluation increment/(decrement)	13 a)	(104,954)	(65,281)	**(170,235)**
Balance at 30 April 2011		5,275,230	1,207,766	**6,482,996**
Balance at 1 May 2011		5,275,230	1,207,766	**6,482,996**
Acquisition		862,505	20,742,829	**21,605,334**
Amortisation for the year		(412,524)	(564,971)	**(977,495)**
Revaluation increment/(decrement)	13 a)	(763,173)	773,844	**10,671**
Balance at 30 April 2012		4,962,038	22,159,468	**27,121,506**
Carrying amounts				
At 1 May 2010		5,752,688	-	**5,752,688**
At 30 April 2011		5,275,230	1,207,766	**6,482,996**
At 1 May 2011		5,275,230	1,207,766	**6,482,996**
At 30 April 2012		4,962,038	22,159,468	**27,121,506**

a) Net revaluation increment for 2012 was $10,671 (2011: decrement $170,235). In accordance with significant accounting policies (Note 3 c) (v)) the total increment was transferred to the asset revaluation reserve.

13.1 Aircraft (continued)
Rotary Wing

	Note	Consolidated		
		Agusta A109 Power VH-IAG Leased	Kawasaki BK117 VH-IME Leased	Total
At Valuation		$	$	$
Balance at 1 May 2010		3,333,333	2,419,355	**5,752,688**
Acquisition		-	-	**-**
Amortisation for the year		(238,092)	(134,412)	**(372,504)**
Revaluation increment/(decrement)	13.1 a), b)	(251,204)	146,250	**(104,954)**
Balance at 30 April 2011		**2,844,037**	**2,431,193**	**5,275,230**
Balance at 1 May 2011		2,844,037	2,431,193	**5,275,230**
Acquisition		-	862,505	**862,505**
Amortisation for the year		(218,772)	(193,752)	**(412,524)**
Revaluation increment/(decrement)	13.1 a), b)	(152,291)	(610,882)	**(763,173)**
Balance at 30 April 2012		**2,472,974**	**2,489,064**	**4,962,038**
Carrying amounts				
At 1 May 2010		3,333,333	2,419,355	**5,752,688**
At 30 April 2011		**2,844,037**	**2,431,193**	**5,275,230**
At 1 May 2011		2,844,037	2,431,193	**5,275,230**
At 30 April 2012		**2,472,974**	**2,489,064**	**4,962,038**

a) Agusta A109 Power VH-IAG Helicopter

Directors' valuation of helicopter VH-IAG at 30 April 2012 is based on a valuation by Heliflite Pty Limited, the distributors of these helicopters in Australia (directors' valuation at 30 April 2011 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 1.0453 (2011: AUD 1 = USD 1.0900). In accordance with significant accounting policies (Note 3 c) (v)), total revaluation decrement for 2012 amounted to $152,291 (2011: revaluation decrement of $251,204).

b) Kawasaki BK117 VH-IME Helicopter

Directors' valuation of helicopter VH-IME at 30 April 2012 is based on a valuation by Slattery Valuations Pty Limited (directors' valuation at 30 April 2011 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 1.0453 (2011: AUD 1 = USD 1.0900). In accordance with significant accounting policies (Note 3 c) (v)), total revaluation decrement for 2012 amounted to $610,882 (2011: revaluation increment of $146,250).

13.2 Aircraft (continued)
Fixed Wing

	Note	Consolidated					
		King Air B200 VH-ZCX	King Air B200 VH-ZCY	King Air B200 VH-ZMQ	King Air B200 VH-ZXM	Under modification	Total
At Valuation		$	$	$	$	$	$
Balance at 1 May 2010		-	-	-	-		-
Acquisition		1,273,047	-	-	-		**1,273,047**
Amortisation for the year		-	-	-	-		-
Revaluation increment/(decrement)	13.2 a)	(65,281)	-	-	-		**(65,281)**
Balance at 30 April 2011		**1,207,766**	**-**	**-**	**-**		**1,207,766**
Balance at 1 May 2011		1,207,766	-	-	-	-	**1,207,766**
Acquisition		347,632	1,787,518	1,214,593	1,517,697	15,875,389	**20,742,829**
Amortisation for the year		(142,582)	(163,856)	(111,342)	(147,191)		**(564,971)**
Revaluation increment/(decrement)	13 a), b), c), d), e)	187,809	407,226	(16,134)	194,943		**773,844**
Balance at 30 April 2012		**1,600,625**	**2,030,888**	**1,087,117**	**1,565,449**	**15,875,389**	**22,159,468**
Carrying amounts							
At 1 May 2010		-	-	-	-	-	-
At 30 April 2011		**1,207,766**	**-**	**-**	-	-	**1,207,766**
At 1 May 2011		1,207,776	-	-	-	-	**1,207,776**
At 30 April 2012		**1,600,625**	**2,030,888**	**1,087,117**	**1,565,449**	**15,875,389**	**22,159,468**

a) King Air B200 VH-ZCX

Directors' valuation of fixed wing aircraft VH-ZCX at 30 April 2012 is based on a valuation by Slattery Valuations Pty Limited (directors' valuation at 30 April 2011 was likewise 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 1.0453 (2011: AUD 1 = USD 1.0900). In accordance with significant accounting policies (Note 3 c) (v)), total revaluation increment for 2012 amounted to $187,809 (2011: revaluation decrement of $65,281).

b) King Air B200 VH-ZCY

Directors' valuation of fixed wing aircraft VH-ZCY at 30 April 2012 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 1.0453. In accordance with significant accounting policies (Note 3 c) (v)), total revaluation increment for 2012 amounted to $407,226.

13.2 Aircraft (continued)
Fixed Wing (continued)

c) King Air B200 VH-ZMQ

Directors' valuation of fixed wing aircraft VH-ZMQ at 30 April 2012 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 1.0453. In accordance with significant accounting policies (Note 3 c) (v)), total revaluation decrement for 2012 amounted to $16,134.

d) King Air B200 VH-ZXM

Directors' valuation of fixed wing aircraft VH-ZCX at 30 April 2012 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 1.0453. In accordance with significant accounting policies (Note 3 c) (v)), total revaluation increment for 2012 amounted to $194,943.

e) Under modification King Air B200 VH-ZCI, VH-ZCJ, BB-1987 and BB-1955

At 30 April 2012 four fixed wing aircraft were undergoing modification prior to commencing service in the Northern Territory. They have been stated at book value at 30 April 2012 as an appropriate valuation cannot be determined for these aircraft, until the modifications are complete. This is expected to occur in the second half of the financial year ended 30 April 2013.

14. Land and buildings

	Consolidated		
	4 Barden Street Northmead Owned	**50 Beamish Street Northmead Leased**	**Total**
Consolidated	**$**	**$**	**$**
Cost			
Balance at 1 May 2010	2,200,000	-	2,200,000
Acquisitions	-	-	-
Leased assets capitalised	-	-	-
Disposals	-	-	-
Balance at 30 April 2011	**2,200,000**	**-**	**2,200,000**
Balance at 1 May 2011	2,200,000	-	2,200,000
Acquisitions	-	528,996	528,996
Leased assets capitalised	-	-	-
Disposals	-	-	-
Balance at 30 April 2012	**2,200,000**	**528,996**	**2,728,996**
Accumulated Depreciation			
Balance at 1 May 2010	36,656	-	36,656
Depreciation for the year	40,122	-	40,122
Disposals	-	-	-
Balance at 30 April 2011	**76,778**	**-**	**76,778**
Balance at 1 May 2011	76,778	-	76,778
Depreciation for the year	41,500	1,562	43,062
Disposals	-	-	-
Balance at 30 April 2012	**118,278**	**1,562**	**119,840**
Carrying amounts			
At 1 May 2010	**2,163,344**	**-**	**2,163,344**
At 30 April 2011	**2,123,222**	**-**	**2,123,222**
At 1 May 2011	**2,123,222**	**-**	**2,123,222**
At 30 April 2012	**2,081,722**	**527,434**	**2,609,156**

15. Property, plant and equipment

Consolidated	Hangar facilities Owned (Reclassified)* $	Other plant and equipment Owned (Reclassified)* $	Other plant and equipment Leased $	Total $
Cost				
Balance at 1 May 2010	277,507	4,886,010	449,282	**5,612,799**
Acquisitions	27,856	1,001,967	903,529	**1,933,352**
Leased assets capitalised	-	39,211	(39,211)	**-**
Disposals	-	(115,209)	(360,125)	**(475,334)**
Balance at 30 April 2011	**305,363**	**5,811,979**	**953,475**	**7,070,817**
Balance at 1 May 2011	305,363	5,811,979	953,475	**7,070,817**
Acquisitions	446,635	1,727,320	871,914	**3,045,869**
Leased assets capitalised	-	493,658	(493,658)	**-**
Disposals	-	(64,990)	(397,677)	**(462,667)**
Balance at 30 April 2012	**751,998**	**7,967,967**	**934,054**	**9,654,019**
Accumulated Depreciation				
Balance at 1 May 2010	70,230	2,840,868	54,405	**2,965,503**
Depreciation for the year	6,066	812,152	146,393	**964,611**
Disposals	-	(36,383)	(96,254)	**(132,637)**
Balance at 30 April 2011	**76,296**	**3,616,637**	**104,544**	**3,797,477**
Balance at 1 May 2011	76,296	3,616,637	104,544	**3,797,477**
Depreciation for the year	10,518	905,294	201,424	**1,117,236**
Disposals	-	(16,398)	(192,290)	**(208,688)**
Balance at 30 April 2012	**86,814**	**4,505,533**	**113,678**	**4,706,025**
Carrying amounts				
At 1 May 2010	**207,277**	**2,045,142**	**394,877**	**2,647,296**
At 30 April 2011	**229,067**	**2,195,342**	**848,931**	**3,273,340**
At 1 May 2011	**229,067**	**2,195,342**	**848,931**	**3,273,340**
At 30 April 2012	**665,184**	**3,462,434**	**820,376**	**4,947,994**

* In 2011 $290,008 of hangar facilities was classified as other plant and equipment owned. In 2012, this amount has been reclassified as hangar facilities. Accordingly balances at 30 April 2011 for these classes of assets have been correspondingly adjusted. Depreciation for these items has also been correspondingly reclassified.

	Note	Consolidated 2012 $	2011 $
16. Trade and other payables			
Current			
Trade creditors		2,361,733	1,586,074
Other payables and accrued expenses		1,624,375	1,366,460
Income received in advance			
- restricted funds		435,384	724,740
- unrestricted sponsorship income received in advance		166,666	100,000
- deferred revenue		4,552,397	3,262,337
		9,140,555	**7,039,611**

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

	Note	2012 $	2011 $
17. Interest bearing liabilities			
Current			
Hire purchase and lease liabilities		**2,466,004**	**1,204,747**
Non-current			
Hire purchase and lease liabilities		**23,083,736**	**3,668,553**

Financing arrangements
The Group's hire purchase and lease liabilities of $25,549,740 (2011: $4,873,300) are secured by the leased assets and, in the event of default, the assets revert to the financier.

	Note	2012 $	2011 $
18. Provisions			
Current			
Liability for annual leave		1,524,850	966,284
Liability for long service leave		174,013	160,596
	24	**1,698,863**	**1,126,880**
Non-current			
Liability for long service leave	24	**273,250**	**236,386**

	Note	2012 $	2011 $
19. Reserves			
Asset revaluation reserve at 1 May		-	-
Revaluation increment	13 a)	10,671	-
Asset revaluation reserve at 30 April		**10,671**	**-**

	Note	2012 $	2011 $
20. Retained surplus			
Retained surplus at 1 May		7,313,225	7,008,142
Net surplus for the year		251,160	305,083
Retained surplus at 30 April		**7,564,385**	**7,313,225**

21. Financial instruments

a) Credit risk

The Group 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 Group 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	
		2012	**2011**
		$	**$**
Australia		2,256,880	3,815,485
Asia Pacific		203,635	286,402
Europe		44,745	133,491
	9	**2,505,260**	**4,235,378**

Impairment losses

	Gross 2012 $	Impairment 2012 $	Gross 2011 $	Impairment 2011 $
Not past due	2,270,870	-	3,765,905	-
Past due 0 – 30 days	218,473	-	210,142	-
Past due 31 – 60 days	12,931	-	135,173	-
Past due 61 – one year	2,986	-	124,158	-
More than one year	-	-	-	-
	2,505,260	**-**	**4,235,378**	**-**

Based on historic default rates, the Group 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:

Consolidated 30 April 2012	Note	Carrying amount	Contractual cashflows	1 year or less	1-5 years	More than 5 years
		$	$	$	$	$
Non-derivative financial liabilities						
Hire purchase and lease liabilities	17	25,549,740	32,617,443	2,466,004	12,749,478	10,334,258
Trade creditors	16	2,361,733	2,361,733	-	-	-
Other payables and accrued expenses	16	1,624,375	1,624,375	-	-	-
		29,535,848	**36,603,551**	**2,466,004**	**12,749,478**	**10,334,258**

30 April 2011	Note	Carrying amount	Contractual cashflows	1 year or less	1-5 years	More than 5 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**	**-**

21. Financial instruments (continued)

c) Currency risk

Exposure to currency risk

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

	Note	2012		2011	
		AUD	USD	AUD	USD
Rotary Wing	13.1	4,962,038	5,186,818	5,275,230	5,750,000
Fixed Wing	13.2	6,284,079	6,568,747	1,207,766	1,316,465
Cash assets		657,701	687,494	55,090	60,048
Hire purchase and lease liabilities		(1,437,333)	(1,502,444)	-	-
Gross statement of financial position exposure		**10,466,485**	**10,940,615**	**6,538,086**	**7,126,513**
Estimated forecast purchases		7,235,346	7,563,107	1,710,670	1,864,630
Gross statement of comprehensive income exposure		**7,235,346**	**7,563,107**	**1,710,670**	**1,864,630**

Fixed Wing aircraft undergoing modification have not been included in this exposure calculation as an accurate value cannot be determined for these aircraft at 30 April 2012.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2012	2011	2012	2011
	$	$	$	$
AUD:USD	1.0285	1.0090	1.0453	1.0900

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 2011.

Consolidated

AUD	Capital funds	Surplus/(deficit)
	$	$
30 April 2012		
USD	(891,708)	(59,792)

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

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.

Balances captured within the capital funds are movements rotary wing, fixed wing and hire purchase and lease liabilities exposures.

21. Financial instruments (continued)

d) Interest rate risk

The Group'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 Group was:

	Note	Consolidated Carrying amount 2012 $	2011 $
Fixed rate instruments			
Financial liabilities	17	25,549,740	4,873,300
		25,549,740	**4,873,300**
Variable rate instruments			
Cash assets	8	6,246,432	3,560,482
		6,246,432	**3,560,482**

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 2011.

	Surplus/(deficit)		Capital funds	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
30 April 2012				
Variable rate instruments	62,464	(62,464)	-	-
Cash flow sensitivity (net)	**62,464**	**(62,464)**	**-**	**-**
30 April 2011				
Variable rate instruments	35,463	(35,463)	-	-
Cash flow sensitivity (net)	**35,463**	**(35,463)**	**-**	**-**

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.

2012	Note	Effective rate of interest %	Floating interest rate $	1 year or less $	Consolidated 1 to 5 years $	More than 5 years $	Non-interest bearing $	Total $
Financial assets								
Cash and cash equivalents	8	0.95%	6,226,803	-	-	-	19,629	6,246,432
Receivables	9		-	-	-	-	2,505,260	2,505,260
			6,226,803	**-**	**-**	**-**	**2,524,889**	**8,751,692**
Financial liabilities								
Payables	16		-	-	-	-	9,140,555	9,140,555
Interest bearing liabilities	17	3.27%	-	2,466,004	12,749,478	10,334,258	-	25,549,740
			-	**2,466,004**	**12,749,478**	**10,334,258**	**9,140,555**	**34,690,295**

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	8	2.34%	3,546,270	-	-	-	14,212	3,560,482
Receivables	9		-	-	-	-	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**

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:

		Consolidated			
		2012	2012	2011	2011
		$	$	$	$
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Cash assets	8	6,246,432	6,246,432	3,560,482	3,560,482
Receivables	9	2,505,260	2,505,260	4,235,378	4,235,378
Investments	11	1	1	1	1
Other current assets	12	612,073	612,073	750,774	750,774
Payables	16	(9,140,555)	(9,140,555)	(7,039,611)	(7,039,611)
Interest bearing liabilities	17	(25,549,740)	(25,549,740)	(4,873,300)	(4,873,300)
		(25,326,529)	**(25,326,529)**	**(3,366,276)**	**(3,366,276)**
Unrecognised (loss)/ gain		-	-	-	-

22. Commitments

	Note	Future minimum lease payments 2012 $	Interest 2012 $	Present value of minimum lease payments 2012 $	Future minimum lease payments 2011 $	Interest 2011 $	Present value of minimum lease payments 2011 $
Hire purchase and finance lease commitments for the Group are:							
Within one year	17	3,523,203	1,057,199	2,466,004	1,567,503	362,756	1,204,747
One year or later and no later than five years	17	17,767,784	5,018,306	12,749,478	4,195,854	527,301	3,668,553
Later than five years	17	11,326,456	992,198	10,334,258	-	-	-
		32,617,443	**7,067,703**	**25,549,740**	**5,763,357**	**890,057**	**4,873,300**
Operating lease commitments for the Group 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 2012. The Company has extended the lease for a further term of 12 months to 30 April 2013. 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	Consolidated 2012	2011
Cash on hand		19,629	14,212
Cash at bank		6,226,803	3,546,270
	8	**6,246,432**	**3,560,482**

b) Reconciliation of cashflow from operating activities

		2012	2011
Net surplus for the period		251,160	305,083
Add items classified as investing/financing activities:			
Net loss on disposal of non-current assets		14,362	17,424
Add non-cash items:			
Amortisation		1,176,363	372,504
Depreciation		961,430	1,004,899
Devaluation		-	170,235
Operating surplus before changes in working capital and provisions		**2,403,315**	**1,870,145**
(Increase)/decrease in trade debtors		1,730,118	(1,337,382)
(Increase)/decrease in inventory		(31,833)	46,304
(Increase)/decrease in other receivables		138,701	(344,488)
Increase/(decrease) in payables		2,100,944	3,282,772
Increase/(decrease) in provisions		608,847	475,916
Net cash from operating activities		**6,950,092**	**3,993,267**

24. Employee benefits

	Consolidated 2012 $	Consolidated 2011 $
Aggregate liability for employee entitlements including on-costs:		
Current	1,698,863	1,126,880
Non-current	273,250	236,386
	1,972,113	**1,363,266**
Number of employees		
Number of employees at year end	**212**	**154**

Superannuation commitment

The Group 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	Consolidated 2012 $	Consolidated 2011 $
Details of contributions during the year are as follows:		
Employer contributions to the funds	**1,608,357**	**1,169,419**

25. Related party disclosure

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

Non-executive directors

Sean BEEHAN

David BOWEN

Garry DINNIE

Anna GUILLAN

Andrew REFSHAUGE

Executive directors

Ian BADHAM – Media Relations Manager

Derek COLENBRANDER – Chief Executive Officer

Other executives

Andrew ANDERSON – General Manager Medical & Support Services

Luke BRADSHAW – Director of Engineering

Alan GARNER – Medical Director

Don KEMBLE – Manager Communications & Engagement

Jeff KONEMANN – Chief Pilot

David MANN – General Manager Aviation Services & Northern Operations

Trent OSBORN – Head of Fundraising

Jude PETTITT – Human Resources Manager

Paul SMITH – CareFlight International National Manager

Rajini SURENDRAN – Finance Manager

Gary WILLIAMS – Chief Information Officer

25. Related party disclosure (continued)

a) Transactions with key management personnel

	Consolidated	
	2012	**2011**
	$	**$**
Short term employee benefits	2,071,073	1,651,539
Long term employee benefits	179,915	139,890
	2,250,988	**1,791,429**

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 Group above and beyond the normal role of a board chairman. He was paid $60,000 (2011: $59,250) for these services under normal market rates.

During the year Garry Dinnie, non-executive director and Chair of the Audit & Risk Committee, received an allowance in recognition of the time he commits to the affairs of the Group above and beyond the normal role of chairman of a board committee. He was paid $30,000 (2011: $0) for these services under normal market rates.

During the year David Bowen, non-executive director, was paid $7,039 (2011: $0) for professional consultancy services under normal market rates. In addition, travel expenses of $2,601 (2011:$0) were paid by the Group to allow his wife to accompany him to a Board meeting held in Darwin.

During the year, travel expenses of $3,034 (2011:$0) were paid by the Group to allow an associate of Anna Guiillan, non-executive director, to accompany her to a Board meeting held in Darwin.

c) Other related party transactions

During the year, Heidi Colenbrander, wife of Derek Colenbrander, Chief Executive Officer provided design and communication services to the Group. She was paid $20,100 (2011: $14,400) for these services under normal market rates.

Sheeryn Mann, wife of David Mann, General Manager Aviation Services & Northern Operations provided administration support services to the Group. She was paid $1,363 (2011: $0) for these services under normal market rates.

Max Mann, father of David Mann, General Manager Aviation Services & Northern Operations provided engineering support services to the Group. He was paid $22,219 (2011: $86,605) for these services under normal market rates.

26. Economic dependency

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

27. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

28. Registered charity

The Company is an authorised fundraiser under the provisions of the Charitable Fundraising Act 1991(NSW), the Fundraising Act 1998 (VIC), the Charitable Collections Act 2003 (ACT), the Collections for Charities Act 2001 (TAS), the Collections for Charitable Purposes Act 1939 (SA) and the Charitable Collections Act 1946 (WA).

29. Information and declaration to be furnished under the Charitable Fundraising Act 1991 (NSW), the Fundraising Act 1998 (VIC), the Charitable Collections Act 2003 (ACT), the Collections for Charities Act 2001 (TAS), the Collections for Charitable Purposes Act 1939 (SA) and the Charitable Collections Act 1946 (WA).

Fundraising appeals conducted by the Company:

- Christmas
- Taxation
- Newsletter
- Corporate

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

30. Statement of income and expenditure	Consolidated 2012 $	2011 $
Fundraising		
Donations and sponsorship revenue		
Bequests	505,088	438,159
Corporate and general donations	2,316,770	1,593,294
Appeals	1,357,273	1,220,383
Sponsorship	1,120,159	1,100,000
Gross revenue - donations and sponsorship	**5,299,290**	**4,351,836**
Donations and sponsorship expenditure		
Bequests	2,000	560
Corporate and general donations	266,815	212,129
Appeals	424,851	353,445
Sponsorship	3,960	-
Total expenditure - donations and sponsorship	**697,626**	**566,134**
Net surplus - donations and sponsorship	**4,601,664**	**3,785,702**
Merchandising and events revenue		
Bear merchandising	6,150,772	6,189,031
Events	1,480,282	1,656,603
Gross revenue - merchandising and events	**7,631,054**	**7,845,634**
Merchandising and events expenditure		
Bear merchandising	4,464,773	4,214,250
Events	1,002,672	929,657
Total expenditure - merchandising and events	**5,467,445**	**5,143,907**
Net surplus - merchandising and events	**2,163,609**	**2,701,727**
Total revenue - fundraising	**12,930,344**	**12,197,470**
Total expenditure - fundraising	**6,165,071**	**5,710,041**
Net surplus - fundraising	**6,765,273**	**6,487,429**
Other revenue		
Ambulance Service of NSW	3,200,558	3,057,954
Northern Territory Department of Health	28,086,819	20,110,329
Aero-medical and other retrieval revenue	15,076,526	12,827,809
Finance income	158,318	83,058
	46,522,221	**36,079,150**
Other expenditure		
Operations and administration - costs of personnel	24,998,561	18,213,401
Direct costs of medical and aircraft retrieval	20,200,015	18,850,897
Depreciation and amortisation	2,137,793	1,377,403
Insurance	649,690	459,283
Professional fees	1,730,954	960,306
General overheads	2,458,008	1,692,658
Exchange rate loss	12,008	70,088
Finance charges on capitalised leases	834,943	449,801
Impairment loss on non-current assets	14,362	17,424
Devaluation	-	170,235
	53,036,334	**42,261,496**
Total revenue	59,452,565	48,276,620
Total expenditure	59,201,405	47,971,537
Net surplus for the year transferred to retained surplus	**251,160**	**305,083**

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

	Consolidated 2012 $	Consolidated 2011 $
Net surplus from fundraising	**6,765,273**	**6,487,429**
This was applied to the charitable purposes in the following manner:		
Expenditure on general operating and administration costs	**6,765,273**	**6,487,429**
Total other expenditure	53,036,334	42,261,496
Less: Net surplus from fundraising	6,765,273	6,487,429
Shortfall	**46,271,061**	**35,774,067**
Shortfall of $46,271,061 (2011: $35,774,067) was provided from the following sources:		
Ambulance Service of NSW	3,200,558	3,057,954
Northern Territory Department of Health	28,086,819	20,110,329
Aero-medical and other retrieval revenue	15,076,526	12,827,809
Interest income	59,504	83,058
Net gain on disposal of non-current assets	98,814	-
	46,522,221	**36,079,150**
Less: Shortfall between surplus available from fundraising appeals conducted and total expenditure	46,271,061	35,774,067
Net surplus	**251,160**	**305,083**

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

	2012	2011
Gross income	**7,146,934**	**7,264,835**
Total expenditure incurred	**5,215,358**	**4,983,574**

33. Comparisons of certain monetary figures and percentages

	Consolidated 2012 $	2012 %	2011 $	2011 %
Costs of procuring donations and sponsorship / Gross revenue from donations and sponsorship	697,626/ 5,299,290	13	566,134/ 4,351,836	13
Costs of merchandising and events / Gross revenue from merchandising and events	5,467,445/ 7,631,054	72	5,143,907/ 7,845,634	66
Total costs of fundraising / Gross revenue from fundraising	6,165,071/ 12,930,344	48	5,710,041/ 12,197,470	47
Net surplus from fundraising / Gross revenue from fundraising	6,765,273/ 12,930,344	52	6,487,429/ 12,197,470	53
Total costs of services / Total expenditure	45,198,576/ 59,201,405	76	37,064,298/ 47,971,537	77
Total costs of services / Total revenue	45,198,576/ 59,452,565	76	37,064,298/ 48,276,620	77

34. Parent entity disclosures

As at, and throughout, the financial year ending 30 April 2012 the parent entity of the Group was CareFlight Limited.

Result of parent entity

	2012 $	2011 $
Surplus for the period	251,160	305,083
Other comprehensive income	10,671	-
Total comprehensive income for the period	**261,831**	**305,083**

Financial position of parent entity at year end

	2012 $	2011 $
Current assets	9,558,808	8,709,844
Total assets	44,237,464	20,589,402
Current liabilities	13,305,422	9,371,238
Total liabilities	36,662,408	13,276,177

Total equity of the parent entity comprising of:

	2012 $	2011 $
Reserves	10,671	-
Retained earnings	7,564,385	7,313,225
	7,575,056	**7,313,225**

Declaration by director in respect of fundraising appeals

I, Derek Colenbrander, director of CareFlight Limited, declare in my opinion:

(a) the consolidated statement of comprehensive income gives a true and fair view of all income and expenditure of CareFlight Limited with respect to fundraising appeal activities for the financial year ended 30 April 2012;

(b) the consolidated statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 April 2012;

(c) the provisions of the Charitable Fundraising Act 1991 (NSW), the Fundraising Act 1998 (VIC), the Charitable Collections Act 2003 (ACT), the Collections for Charities Act 2001 (TAS), the Collections for Charitable Purposes Act 1939 (SA) and the Charitable Collections Act 1946 (WA), the Regulations under the Act(s) and the conditions attached to the authorities have been complied with for the financial year ended 30 April 2012; and

(d) the internal controls exercised by CareFlight 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 2012

Directors' declaration

1 In the opinion of the directors of CareFlight Limited

(a) the consolidated financial statement and notes, set out on pages 16 to 47, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group financial position as at 30 April 2012 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 Group 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 2012

KPMG

Independent auditor's report to the members of CareFlight Limited pursuant to the Corporations Act 2001, Charitable Fundraising (NSW) Act 1991 and Charitable Collections (WA) Act 1946

Report on the financial report

We have audited the accompanying financial report of CareFlight Limited (the "Company") which comprises the consolidated statement of financial position as at 30 April 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the Group's financial position, and of their performance.

(continued overleaf)

In addition, our audit report has also been prepared for the members of the Group in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Section 15(1) of the Charitable Collections (WA) Act 1946. 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 (NSW) Act 1991 and Regulations and Charitable Collections (WA) Act 1946 and Regulations.

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, provisioning and valuations necessary for year end financial report preparation.

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

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 the Group. CareFlight Limited and its subsidiary have 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 the Group 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 Group are not appropriate.

(continued overleaf)

Qualified auditor's opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial report of CareFlight Limited and its subsidiary is in accordance with:

a) the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 April 2012 and of its performance for the year ended on that date; and

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

Qualified audit opinion pursuant to the Charitable Fundraising (NSW) Act 1991and Charitable Collections (WA) Act 1946

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 2012;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 May 2011 to 30 April 2012, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations and Charitable Collections (WA) Act 1946 and Regulations.

(c) money received as a result of fundraising appeal activities conducted during the period from 1 May 2011 to 30 April 2012 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations, Charitable Collections (WA) Act 1946 and Regulations and

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

KPMG

Phillip M Napier
Partner
29 June 2012