

MEDIC VISION LIMITED

ABN 67 099 084 143

APPENDIX 4E

PRELIMINARY REPORT

FINANCIAL PERIOD ENDED 30 JUNE 2010

Results for announcement to the market

Results				A\$
Revenues from ordinary activities	Down	29.33%	to	1,093,962
Revenues from ordinary activities excluding interest	Down	29.62%	to	1,080,827
Net loss after tax from ordinary activities	Down	56.34%	to	(1,032,248)
Net loss for the period attributable to members	Down	56.47%	To	(1,029,300)

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

NTA backing	30 June 2010	30 June 2009
Net tangible asset backing per ordinary security	0.09 cents	0.03 cents

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**MEDIC VISION LIMITED
AND ITS CONTROLLED ENTITIES**

ABN 67 099 084 143

**Preliminary Report
30 June 2010**

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DIRECTORS' REPORT

Your directors present their report together with the consolidated financial report of Medic Vision Limited and the entities it controlled for the year ended 30 June 2010.

REVIEW AND RESULTS OF OPERATIONS

The loss after income tax attributed to members of the consolidated entity for the year ended 30 June 2010 was \$1,029,300 (2009: \$2,464,407 loss).

Operational Update

During the financial year to 30 June 2010, the new management team focused on recapitalising the business, strategy review, operational restructure, formulating new direction and embarking on a divestment and acquisitions program to underpin the future of the company. The Board decided to divest the Medical assets of MVH and the Red Paragon business and held these assets for Sale.

As a result of this review, the board acquired cBox Pty Ltd, a company focusing in the media and digital marketing sector. cBox has had exponential organic growth since being integrated as part of MVH Group. The Board has also recently signed a heads of Agreement with the MConnect group who are an international mobile marketing and content distribution company.

Operations can be summarised as follows:

Completion of success capital raising and re-listing on ASX

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

Cost reduction program

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

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

The Board of Medic Vision on 15 February 2010 successfully completed the acquisition of cBox Pty Ltd.

cBox was and continues to be a profitable business. This acquisition also resulted in the appointment to the MVH Board of Jason Edwards (founder of cBox) as executive director. The cBox business continues to grow and has achieved a turnover of \$1.2m and \$161k net profit. The board expects the cBox business will continue to grow organically in an accelerated manner in the coming years.

Due to the expected growth of cBox, the Board has signed a 18 month platform capacity contract with MyTel Data and Voice Pty Ltd

Maximising the value of simulator assets

During the Company's strategic review, the new management team discovered that although it had proven and award winning medical simulators, it has now focussed on media and hence a decision was made to divest the medical assets. In this respect, the management has held discussions with potential buyers and will update the market of future progress.

Red Paragon

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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2010

	Notes	Consolidated Group	
		2010	2009
		\$	\$
Revenue from sale of goods		336,026	1,087,570
Revenue from rendering of services		736,215	97,464
Finance revenue		13,135	11,760
Other Income		8,586	351,589
TOTAL REVENUE		1,093,962	1,548,383
Cost of goods sold		(512,446)	(878,621)
Employee benefits expenses		(290,068)	(1,041,313)
Employee expense – share based payments		(470,902)	-
Research and development expenses			(206,499)
Depreciation, amortisation and impairment charges		(213,189)	(268,695)
Consulting fees		(28,308)	(78,155)
Directors expenses and fees		(19,854)	(166,647)
Legal and other professional fees		(293,464)	(296,367)
Regulatory listing fees		(92,466)	(164,195)
Occupancy expenses		(47,106)	(186,057)
Travel expense		(68,467)	(352,894)
Reversal of provision for doubtful trade debts		-	200,704
Finance costs		(61,520)	(14,914)
Other expenses		(28,421)	(638,921)
(Loss) before Income Tax		<u>(1,032,248)</u>	<u>(2,544,191)</u>
Income Tax Expense		-	-
Loss from discontinued and continued operations			
(Loss) from discontinued operations	7 (a)	(571,604)	-
(Loss) from continuing operations		(460,644)	(2,544,191)
Loss attributable to minority interest		2,948	79,784
Net (Loss) attributable to members of the Parent Entity		<u>(1,029,300)</u>	<u>(2,464,407)</u>
Overall operations			
Basic (loss) per share (cents per share)		(\$0.005)	(\$0.0232)
Diluted (loss) per share (cents per share)		(\$0.005)	(\$0.0232)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes, the 2009 Annual Report and any public announcements made by Medic Vision Ltd in accordance with the continuous disclosure requirements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	Consolidated Group	
		2010	2009
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		439,860	737,197
Trade and other receivables		372,596	391,839
Inventories		-	72,018
Other current assets		4,365	36,289
Assets held sale	7 (b)	224,087	-
Total current assets		1,040,908	1,237,343
Non-current assets			
Property, plant and equipment		25,297	440,427
Assets held for sale	7 (b)	236,035	-
Intangible assets		1,367,670	-
Total non-current assets		1,629,002	440,427
Total assets		2,669,910	1,677,770
Current liabilities			
Trade and other payables		490,791	642,525
Short-term provisions		-	70,139
Liabilities held for sale	7 (b)	220,052	-
Total current liabilities		710,843	712,664
Non-current liabilities			
Financial liabilities		85,000	640,751
Total non-current liabilities		85,000	640,751
Total liabilities		795,843	1,353,415
Net assets		1,874,067	324,355
Equity			
Issued capital		25,275,218	22,630,610
Reserves		(62,116)	(59,470)
Accumulated losses		(23,343,734)	(22,276,563)
Total Parent Entity Interest		1,869,368	294,577
Add: Minority Interest		4,699	29,778
Total equity		1,874,067	324,355

The above consolidated statement of financial position should be read in conjunction with the accompanying notes, the 2009 Annual Report and any public announcements made by Medic Vision Ltd in accordance with the continuous disclosure requirements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2010

	Note	Attributable to Equity Holders of the Parent				Total Equity
		Contributed Equity	Accumulated Losses	Foreign Currency Reserves	Non Controlling interest	
CONSOLIDATED						
Balance as at 1 July 2009		22,630,610	(22,276,563)	(59,470)	29,778	324,355
Loss for the year		-	(1,029,300)	-	(2,948)	(1,032,248)
Other Comprehensive Income						
Foreign Currency Translation		-	-	(2,646)	-	(2,646)
Total Comprehensive income for the period		-	(1,029,300)	(2,646)	(2,948)	(710,541)
Transactions with owners in their capacity as owners;						
Share based Payment		69,132	-	-	-	69,132
Convertible notes converted		740,720	-	-	-	740,720
Shares issued for acquisition of cBox Pty Ltd		1,368,000	-	-	-	1,369,000
Minority interest adjustment for further acquisition of Red Paragon		60,000	(37,869)	-	(22,131)	-
Issue of Shares and options		406,754	-	-	-	406,754
Balance as at 30 June 2010		25,275,216	(23,343,732)	(62,116)	4,699	1,875,067
Balance as at 1 July 2008						
Balance as at 1 July 2008		21,756,920	(19,812,156)	114,130	-	2,058,894
Loss for the year		-	(2,464,407)	-	-	(2,464,407)
Other Comprehensive Income						
Foreign Currency Translation		-	-	71,505	-	71,505
Sale of shares held for sale		-	-	(245,105)	-	(245,105)
Total Comprehensive income for the period		-	(2,464,407)	(59,470)	-	(579,113)
Transactions with owners in their capacity as owners;						
Issue of shares		100,000	-	-	-	100,000
Capital raising costs		(16,500)	-	-	-	(16,500)
Consideration for acquisition of Red Paragon Pty Ltd		766,930	-	-	-	766,930
Equity portion of convertible notes		23,260	-	-	-	23,260
Minority Interest						
Red Paragon Pty Ltd		-	-	-	29,778	29,778
Balance as at 30 June 2009		22,630 610	(22,276,563)	(59,470)	29,778	324,355

The above consolidated statement of financial position should be read in conjunction with the accompanying notes, the 2009 Annual Report and any public announcements made by Medic Vision Ltd in accordance with the continuous disclosure requirements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2010

	Consolidated Group	
	2010	2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,103,889	1,598,014
Interest received	13,135	11,760
Other receipts – grant income	243,782	18,371
Payments to suppliers and employees	(1,714,558)	(3,448,572)
Net cash provided by (used in) operating activities	(353,752)	(1,820,427)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,287)	(13,605)
Proceeds from disposal of available for sale assets		660,950
Cash acquired on acquisition of subsidiary	21,169	287,708
Net cash provided by (used in) investing activities	882	935,053
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	100,000
	-	-
Capital raising costs	-	(16,500)
Proceeds from Convertible Notes issues	175,000	673,980
Net cash provided by (used in) financing activities	100,000	1,156,480
Net increase / (decrease) in cash held	(252,870)	271,106
Cash at beginning of financial year	737,197	466,091
Cash at end of financial year	484,328	737,197

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes, the 2009 Annual Report and any public announcements made by Medic Vision Ltd in accordance with the continuous disclosure requirements.

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NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The preliminary financial report does not include notes of the type normally included in an annual report. Accordingly, it should be read in conjunction with the Annual Report for the year ended 30 June 2009 and the financial report for the six months ended 31 December 2009, and any public announcements made by Medic Vision Ltd during the year in accordance with continual disclosure requirements of the ASX.

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

2. SEGMENT INFORMATION

The principal business of the group has substantially focussed to digital marketing with the acquisition of cBox Pty Ltd and discontinued the operations involved in the supply and development of medical and surgical tools in Australia, United Kingdom and Asia.

3. LOSS FOR THE YEAR

	2010 \$	2009 \$
Loss for the half-year included the following items that are unusual because of their nature, size and incidence:		
Losses		
Shares and options based granted to employees and directors	(406,754)	-
Share based payments	(69,132)	-
	<u>(475,886)</u>	<u>-</u>

4. DIVIDENDS

No dividends are paid or proposed for the year ended 30 June 2010.

5. EQUITY

	2010	2010	2009	2009
Ordinary Shares	No of Shares	\$	No of Shares	\$
At the beginning of the reporting year	106,408,959	21,074,922	91,471,459	20,224,492
Issues of ordinary shares during the half-year				
Acquisition of 9.29% (87.5% in 2009) shares in Red Paragon Pty Ltd	2,000,000	60,000	13,687,500	766,930
Issued to creditors in lieu of settlement	4,384,479	69,134	-	-
Issued to Directors and Employees	9,213,350	313,254	-	-
Shares issued on conversion of convertible notes	38,199,000	763,980	-	-
Acquisition of 100% shares in cBox Pty Ltd	45,600,000	1,368,000	-	-
Capital raising share issue	-	-	1,250,000	100,000
Transaction costs related to share issue	-	-	-	(16,500)
At Reporting Date	205,805,788	23,649,290	106,408,959	21,074,922
Option Reserve				
At the beginning of the period	16,250,173	1,532,428	16,250,173	1,532,428
Issues of options during the half year	8,500,000	93,500	-	-
At Reporting Date	24,750,173	1,625,928	16,250,173	1,532,428

Equity portion of convertible shares

At the beginning of the year	-	23,260	-	23,260
Movement during the half year	-	(23,260)	-	-
At Reporting Date	-	-	-	23,260
Total Contributed Equity		25,275,218		22,630,610

6. BUSINESS COMBINATION

(a) Further Acquisition of Red Paragon Pty Ltd

On 10 December 2009 Medic Vision Ltd acquired a further interest of 9.29% of the voting shares of Red Paragon Pty Ltd ("Red Paragon") via the issue of 2,000,000 Medic vision shares. The shares were trading at 3 cents on the date of issue, resulting in an additional \$60,000 in consideration being paid for the 9.29% of shares acquired. After the additional equity purchase, MVH holds 96.79% shares of Red Paragon.

(b) Acquisition of cBox Pty Ltd

On 15 January 2010 Medic Vision Ltd fully acquired cBox Pty Ltd a digital marketing and communications company. cBox is an innovative digital marketing and communications business offering cost effective digital marketing and communicating solutions on a global scale via fax, email, mobile phone/sms and Interactive Voice Recognition (IVR).

To complete the acquisition, Medic Vision Ltd has issued 45,600,000 fully paid ordinary shares as consideration for cBox. The published price of the Company's shares on 15 January 2010 was \$0.03 and this price is taken as the fair value of the shares issued.

All shares issued in relation to the acquisition of cBox are held in voluntary escrow for a period of 12 months from the date of issue.

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

	Recognised on acquisition \$	Carrying Value \$
Fair value of net assets acquired		
Cash	24,388	24,388
Other receivables	1,091	1,091
Trade receivables	101,104	101,104
Plant and Equipment	10,423	10,423
	<u>137,006</u>	<u>137,006</u>
		-
Trade Payables	48,307	48,307
Other Payable	88,369	88,639
	<u>136,676</u>	<u>136,676</u>
Fair value of identifiable net assets	330	
Less: Minority interests	-	-
Net assets acquired	<u>330</u>	
Cost of acquisition Shares issued	1,368,000	-
Total cost of the combination	<u>1,368,000</u>	-
Goodwill on acquisition	<u>1,367,670</u>	-

The cash outflow on acquisition is as follows:

Net cash acquired with the subsidiary	24,388	
Net consolidated cash in flow	24,388	--

7. DISCONTINUED OPERATIONS

During the financial year, the management conducted a strategic review and decided to discontinue the operations of the following entities.

- i) Medic Vision Health Pty Ltd
- ii) Medic Vision (Asia) Pte Ltd
- iii) Medic Vision Ltd (UK)
- iv) Red Paragon Pty Ltd

The statement of comprehensive income of these entities for the financial year ended 30 June 2010 and their statement of financial position as at 30 June are shown below.

(a) Statement of Comprehensive Income For the Year Ended 30 June 2010

	Medic Vision Health Pty Ltd \$	Medic Vision (Asia) Pte Ltd \$	Medic Vision Ltd (UK) \$	Red Paragon Pty Ltd \$	Total \$
Revenue from sale of goods	336,026	-	-	-	336,026
Revenue from rendering of services	24,779	-	-	-	24,779
Finance revenue	114	1	-	661	776
Other Income	(2,231)	-	281	10,536	8,586
TOTAL REVENUE	358,688	1	281	11,197	370,167
Cost of goods sold	(228,121)	-	-	-	(228,121)
Employee benefits expenses	63,560	(12,428)	(4,908)	-	46,224
Depreciation, amortisation and impairment charges	(110,799)	(6,841)	(45,858)	(31,088)	(194,586)
Consulting fees	600	-	-	(12,680)	(12,080)
Legal and other professional fees	1,417	(1,156)	-	(35,295)	(35,035)
Regulatory listing fees	1,066	-	660	(1,224)	502
Occupancy expenses	239	-	-	(13,951)	(13,712)
Travel expense	(8,757)	(10,524)	(436)	(439)	(20,156)
Finance costs	(2,466)	-	-	(7,083)	(9,549)
Other expenses	22,633	(88,857)	(409,880)	(1,272)	(477,376)
Profit / (Loss) before Income Tax	98,060	(120,687)	(460,141)	(91,835)	(574,604)
Income Tax Expense	-	-	-	-	-
Profit / (Loss) from discontinued operations	98,060	(120,687)	(460,141)	(91,835)	(571,604)

**(b) Statement of Financial Position
As at 30 June 2010**

	Medic Vision Health Pty Ltd \$	Medic Vision (Asia) Pte Ltd \$	Medic Vision Ltd (UK) \$	Red Paragon Pty Ltd \$	Total \$
Assets					
Current assets					
Cash and cash equivalents	13,520	19,378	279	11,291	44,468
Trade and other receivables	54,710	-	13,119	31,286	99,115
Inventories	59,104	(3,094)	1,472	14,487	71,969
Other financial assets	-	2,904	5,631	-	8,535
Total current assets	127,334	19,188	20,501	57,064	224,087
Non-current assets					
Property, plant and equipment	79,132	-	-	156,903	236,035
Total non-current assets	79,132	-	-	156,903	236,035
Total assets	206,466	19,188	20,501	213,967	460,122
Current liabilities					
Trade and other payables	115,611	4,630	62,232	37,579	220,052
Total current liabilities	115,611	4,630	62,232	37,579	220,052
Non-current liabilities					
Other current liabilities	(340,399)	114,863	388,331	30,000	192,795
Total non-current liabilities	(340,399)	114,863	388,331	30,000	192,795
Total liabilities	(224,788)	119,463	450,563	67,579	412,847
Net assets	431,254	(100,305)	(430,062)	146,388	47,275
Equity					
Issued capital	608,431	-	2	1,060,000	1,668,433
Reserves	-	(189,533)	150,003	-	(39,530)
Accumulated losses	(177,177)	89,228	(580,067)	(913,612)	(1,581,628)
Total equity	431,254	(100,305)	(430,062)	146,388	47,275

8. ASSETS HELD FOR SALE

During the strategic review the board found that the trading nature of medical entities and Red Paragon Pty Ltd are no more in line with the overall long-term strategic plan of the group and the board decided to divest the medical assets and sell the business of the Red Paragon Pty Ltd. Due to the nature of assets, the Board has been approached by a number of parties interested in purchasing the medical assets and assets of Red Paragon Pty Ltd. The Board is in discussion with a number of these parties and will update the market of future progress. This will be further reviewed and reflected in the forthcoming annual financial statements.

9. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

After 30 June 2010 the company has signed a heads of agreement to acquire MConnect Pty Ltd, an international mobile marketing and content distribution company (Target Company) which has global presence and contracts with mobile carriers around the globe for the distribution of mobile content.

It is expected that the acquisition will further compliment the Company's already successful media and marketing subsidiary, cBox Pty Ltd and will allow for exponential growth of leading, cutting edge digital technology.

The Directors are not aware of any other matters or circumstances that have arisen since 30 June 2010 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years

10. CURRENT STATUS OF THE AUDIT

This report is based on accounts which are in the process of being audited and therefore no audit report is attached.

Signed

On behalf of the Board



Justyn Stedwell
Company Secretary
31 August 2010

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