



Our focus is your vision

Macular Degeneration Foundation Limited

ABN 52 096 255 177

GENERAL PURPOSE FINANCIAL REPORT
For the year ended 30 June 2009

Contents to Financial Report

Chairman and Chief Executive Officer's Report.....	2
Directors' Report	7
Auditor's Independence Declaration	15
Income Statement	16
Balance Sheet	17
Statement of Changes in Equity	18
Cash Flow Statement	20
Notes to the Financial Statements	21
Directors' Declaration	46
Chairman's Declaration	47
Independent Audit Report	48

MACULAR DEGENERATION FOUNDATION LIMITED

Chairman and Chief Executive Officers' Report

For the year ended 30 June 2009

The year was an exciting one, providing the Macular Degeneration Foundation with exciting new opportunities to elevate the understanding and awareness of Macular Degeneration in Australia to new levels.

Our key NSW and Federal Government grants were each renewed for three years. These will provide the Foundation with a solid base to move forward in delivering Australia-wide education. This program enables those with MD, their family and carers the opportunity to hear first-hand about important information including nutrition, treatments and low vision technologies.

A key strategic goal in 2008/09 encapsulated the theme Blindness is the same in any Language. We achieved this by having information translated and printed in five languages – Arabic, Chinese, Greek, Italian and Vietnamese. Relationships were also established with these communities enabling us to present education sessions with the assistance of a translator.

In addition, the MD Foundation was one of 23 successful charities to be supported by the newly formed SBS Foundation and awarded \$2 million of donated television airtime. This has given us the opportunity to target Australia's culturally and linguistically diverse communities through the powerful medium of TV advertising on

Our veteran education, supported by the Department of Veterans' Affairs (DVA), provided real engagement with the veteran community in Queensland, Victoria and NSW reaching over 800 veterans. Working with the RSL State Presidents and having the support of the National RSL has been a valuable partnership. The DVA recognised the value of this critical program and provided an additional grant to extend the program across Australia and to fill the unmet need for veteran organisations.

Whilst our focus on education of professionals will always include Ophthalmology, Optometry, Orthoptics and student education, the challenge has been to expand this to General Practitioners (GPs) and Pharmacists. For the education of GPs, we gained funding from the Federal Government's Eye Health Demonstration Grant Program and undertook a pilot project in NSW to deliver comprehensive seminars to GPs on eye health and low vision. These seminars were accredited by the Royal Australian College of General Practitioners (RACGP). We also began our work with Pharmacists to extend their knowledge of, and involvement in, MD.

MACULAR DEGENERATION FOUNDATION LIMITED

**Chairman and Chief Executive Officers' Report
(Continued)**

For the year ended 30 June 2009

The MD Foundation is a relatively young organisation established in 2001, so the ongoing support of our major sponsors Blackmores and Novartis has enabled us to have certainty in growth and direction.

In May 2009 we recognised eight years of support from Blackmores culminating in \$2.5 million worth of contributions. To symbolise the strength of this important relationship and to acknowledge our Growing Together, a native tree with commemorative plaque was planted at the new Blackmores facility in Warriewood NSW. With our shared common value to reduce the incidence and impact of MD in Australia, Blackmores remains a long term supporter of our education, research and awareness programs.

The ongoing support of Novartis meant that in 2008/09 our programs took a new and exciting direction that has changed the landscape of awareness of MD in Australia. We embarked upon an exciting initiative; the first ever national TV, radio and print advertising campaign. The awareness campaign was supported by Novartis through a direct investment of \$1.9 million. This resulted in Australia being the world leader in raising awareness levels of MD throughout the community.

We have undertaken four national Galaxy Polls since 2007 measuring MD awareness levels across metro and regional Australia. The number of Australians who have heard of MD increased from 47% (February 2007) to 72% (September 2009). The greatest acceleration in this increase took place as a result of the Novartis funded advertising campaigns during the year. Calls to the Helpline, website hits and requests for information packs all far exceeded expectations.

Several other unique initiatives in 2008/09 also highlighted MD across the country.

The Vision Van was launched in September 2008. This Novartis initiative was supported by the MD Foundation, Optometrists Association Australia and the Royal Australian and New Zealand College of Ophthalmology. This was the first Australia-wide mobile unit testing for MD. It travelled for 90 days throughout regional and urban areas nationally. It proved so successful it was repeated later in 2008/09.

MACULAR DEGENERATION FOUNDATION LIMITED

**Chairman and Chief Executive Officers' Report
(Continued)**

For the year ended 30 June 2009

Eating for Eye Health – the Macular Degeneration Cookbook was launched in March 2009. It was written by our Patron, Ita Buttrose, and leading Sydney chef, Vanessa Jones, in collaboration with the MD Foundation. Our Patron worked tirelessly to promote the publication, with the first print run of 5,000 copies sold out by June.

The significant media coverage around the cookbook launch, the TV and radio campaigns and the Vision Van ensured a strong media profile right up to MD Awareness Week (MDAW). The national public relations campaign around MDAW alone reached over 15 million people in May.

As a result of the massive awareness campaigns our Client Services team remained focussed on providing information and support for the thousands of callers to our Helpline. Newsletters, publications, Helpline support, website and client support all continued to help those in need across the country. Reaching the MD community is critical to saving sight and to ensuring those with the disease can live well with MD.

The Navigator Library Access Project continued to be a strong focus and provided hundreds of free talking book devices throughout NSW libraries. This initiative was possible through the generous support of the Profield Foundation and Vincent Fairfax Family Foundation.

Our social research Project Vision III was begun with a three part research focus:

- Wet MD: Barriers to treatment
- Access to low vision aids and equipment
- MD Foundation service evaluation

The University of New South Wales School of Optometry and Visual Science generously donated time and expertise to work with us to design these three projects. The research will be completed in 2009/10.

In July 2008 we were honoured to be invited to present the results of Project Vision II to an international audience at the Vision 2008 Conference in Montreal. This invitation was in recognition of the world leading results we have achieved in raising awareness of MD and provided other MD organisations the opportunity to learn from our outcomes.

MACULAR DEGENERATION FOUNDATION LIMITED

**Chairman and Chief Executive Officers' Report
(Continued)**

For the year ended 30 June 2009

Representing our clients to Government and other agencies to ensure the best outcomes for the MD community continued to be a major focus. Of particular note was the advocacy work to address access to low vision aids and technology. This was achieved through representation on committees through the Australian Blindness Forum and Vision 2020. The MD Foundation also represents the Australian MD community on the world stage via a position on the executive of AMD Alliance International.

The MD Foundation's Board of Directors and various Committees met throughout the year to provide strategic direction and to oversee our work. The guidance and expertise of the Board has been invaluable in supporting the MD community.

Our sincere thanks to Foundation Patron, Ita Buttrose AO, OBE, who gives her time, energy and expertise to the Foundation's activities throughout the year. A special thanks also to our staff and volunteers who work to ensure the delivery of quality services and excellent outcomes. This year Suncorp gave an outstanding commitment by providing 38 volunteers to support our work.

We appreciate and thank all our donors, supporters, partners and sponsors including the NSW and Federal Governments (and their appropriate departments), Novartis, Blackmores, Profield Foundation, Goldman Sachs JBWere, Australian Stockbrokers Foundation, the Brian Kirby Foundation, Vincent Fairfax Family Foundation, Quantum Technology, ANZ Staff Foundation, Mallesons Stephen Jacques, bluedesk, Optometrists Association Australia, Royal Australian and New Zealand College of Ophthalmology and Audio-Read.

We would also like to sincerely thank all those who made generous donations to ensure our services can continue; small or large your contribution is highly valued and appreciated.

We extend a special thank you to Ernst & Young who so generously give their time and expertise as our auditors. Thank you to all of the low vision service providers across Australia as well as other Foundations and Associations with whom we work to deliver comprehensive services for clients.

MACULAR DEGENERATION FOUNDATION LIMITED

Chairman and Chief Executive Officers' Report (Continued)

For the year ended 30 June 2009

No organisation can exist without the support of the people it serves and we thank sincerely the entire Macular Degeneration Community, patients, families, friends and carers for their continued support.

**Elizabeth Carr
Chairman
BA (Hons) UWA,
MPA Harvard University**

**Julie Heraghty
Chief Executive Officer
BA DipEd**

Directors' Report

Your directors submit their report for the year ended 30 June 2009.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Elizabeth Carr - BA (Hons), MPA

Dr. Paul Beaumont - FRACS, FRANZCO

Peter Brown

Ashley Chapman - CPA, MACS

Barry Clarke - PNA

Dr. Peter Herse - DipAppSc, PhD, FAAO

(Resigned: 5 December 2008)

Prof Jill Keefe

(Appointed: 21 August 2009)

John McCarroll - B.Ec, GAICD

Peter Reid - BA, LLB

Paul Rogan - BBus, FCPA, AICD

Dr. Jim Runciman - FRACS, FRANZCO, FAAO

Suellen Tapsall - BA, MA, FAIM

Elizabeth Carr - BA (Hons), MPA

(Chairman)

Elizabeth Carr was an inaugural Board member of the MD Foundation and in October 2006 accepted the position of Chairman.

She has had 20 years experience in the inter-relationship between employee productivity and the applications of technology to increase profitability in the IT & Finance Industries. Elizabeth is now focused on the growing inter-dependence of the private, public and not-for-profit sectors and undertook a Masters degree at Harvard University, specialising on issues of governance, accountability and strategic policy in this area. Elizabeth is currently a consultant on Public Private Partnerships.

Elizabeth is also a Council member of Kambala Anglican School for Girls, Honorary Vice-President of the International Management Organisation, and a council member of the Harvard Club of Australia.

Dr. Paul Beaumont - FRACS, FRANZCO

Dr. Paul Beaumont is a founding Director of the Macular Degeneration Foundation and served the first Chairman's term. He is a regular speaker at international conferences and trains doctors worldwide in his approach to Macular Degeneration. His clinic has been a pioneer in intensive counselling for patients with Macular Degeneration.

He is a past Chairman of the NSW Division of the Australian and New Zealand College of Ophthalmologists and of the Committee of Chairmen of the Australian College.

Dr. Beaumont is the chair of the Medical Committee and NSW State Chairman for the MD Foundation.

Directors' Report

Peter Brown

Peter Brown has spent thirty years in advertising and communication. He worked in London in consumer advertising and New Product Development before moving to Sydney in 1988, becoming Creative Director of a major healthcare agency. In 2005 Peter started his own company, spanning both consumer and healthcare advertising.

Ashley Chapman - CPA, MACS (Deputy Chairman)

Ashley Chapman retired in 2004 after a career in information technology spanning over forty years.

His experience includes fifteen years with IBM in a variety of roles covering systems engineering, programming and education. Industry experience included banking and finance, airline, distribution and government utilities.

After leaving IBM he became a partner in a CPA firm and then in 1978 he founded Management Control Systems Pty Ltd, a company specialising in the development and marketing of financial systems for the distribution and manufacturing industries both in Australia and overseas.

Ashley is the Deputy Chairman of the MD Foundation.

Barry Clarke - PNA

Barry Clarke has over 40 years experience in the financial services sector in both executive and CEO roles. He is currently a Director of the Royal Society for the Blind of SA and other companies involved in the bio-medical field. He also serves on the Client Advisory, Finance, and Investment Committees for the Royal Society for the Blind of SA.

In 1990 he retired from his position as General Manager of the Police Credit Union in South Australia due to the early onset of Macular Degeneration. However, after a period of rehabilitation he returned to the workforce and went on to establish and successfully develop Mortgage Find as a national mortgage broking business. Having sold this business, he retired in 2005 to spend more time on his personal and investment interests.

Dr. Peter Herse - DipAppSc, PhD, FAAO

Dr. Peter Herse practiced optometry for a number of years in Australia and Kenya. He entered academic life in 1984 and has held appointments in a number of optometry schools around the world, the most recent being as Senior Lecturer at the University of NSW. He has been a Councillor for the Optometrists Association of Australia. He is a Fellow of the American Academy of Optometry and has a strong interest in international eye care. He has helped establish a number of low vision clinics in Sydney and around the world. He left academic life in 2007 and is currently Director of the Luxottica Institute of Learning in Sydney.

Directors' Report

Prof Jill Keeffe

Professor Jill Keeffe is Head of the Centre for Eye Research Australia's (CERA) Population Health Unit specialising in prevention of vision loss and blindness in Australia and our region, Low Vision and Health Services Research. She is Chair of the International Agency for the Prevention of Blindness' (IAPB) Low Vision Program Committee and also holds the position of First Vice-President of the International Council for Education of People with Visual Impairment (ICEVI), a global initiative seeking to provide education for all visually impaired people throughout the world.

Professor Keeffe describes her work as translating research to provide evidence for best practice in eye care and low vision services.

John McCarroll - B.Ec, GAICD

John is a Senior Adviser at JB Were Ltd - Private Wealth Management. John has more than 29 years experience in the Australian Finance industry, initially in Europe and for the past 19 years in Australia. John is fluent in German. John is a Director of the Australian Stockbrokers Foundation which holds two industry related functions each year and distributes the proceeds to 10 different charities. John holds a Bachelor of Economics from Monash University (Vic) and recently became a Diploma member of the Australian Institute of Company Directors.

Peter Reid - BA, LLB

Peter Reid has practised as a lawyer since 1972 specialising in the energy and resources sector. He served as an Australian diplomat for seven years, spent nine years as the Senior Exploration Counsel for Esso Australia Ltd and the past 22 years in private legal practice. He has been a frequent speaker at international industry and professional conferences and was voted by his colleagues as one of the world's leading resources lawyers in 2002, 2004 and 2007. In 2004 he established his own legal practice, Energy and Resources Lawyers Pty Ltd. In 2006 he was appointed a non-executive director of Mosaic Oil NL an ASX listed company where he serves as the Chairman of its Governance, Nomination and Remuneration Committee.

Mr. Reid served as the inaugural Chairman of the Governance Committee of the MD Foundation before it was incorporated into the current Audit and Risk Committee.

Directors' Report

Paul Rogan - BBus, FCPA, AICD

Paul is a senior executive with more than twenty years experience in the financial services sector both in Australia and United Kingdom. He is currently the Executive General Manager, Capital Risk & Strategy, of Challenger Financial Services Group and is a Director of its subsidiaries. He has served as an Executive Director on subsidiary boards of the National Australia Bank and MLC group, including as CEO of the Wealth Management operations in the UK and MLC Building Society. He is also a past Chairman of the Victorian Building Society Association and past Counsellor on the Association of Australian Permanent Building Societies.

Mr. Rogan is Chairman of the Audit and Risk Committee for the MD Foundation.

Dr. Jim Runciman - FRACS, FRANZCO, FAAO

Dr. Jim Runciman is a fellow of the Royal Australian and New Zealand College of Ophthalmologists and the Royal Australasian College of Surgeons.

Appointed to the Macular Degeneration Foundation Board in 2003, Dr. Runciman is a leading ophthalmologist with a special interest in retinal diseases. He is a Director of the Adelaide Eye and Retina Centre, a Board member of the Royal Society for the Blind of SA and a consultant to Ellex. Dr. Runciman is also the State Chair for the MD Foundation in South Australia.

Suellen Tapsall - BA, MA, FAIM

Suellen Tapsall is the Director of the AIM-UWA Business School Alliance, a strategic alliance between the Australian Institute of Management WA and the UWA Business School, which provides senior executive leadership and organisational development programs and services. A former journalist (print and broadcast) who moved into academe in the 1990s, Suellen worked at Queensland University of Technology and Murdoch University in a variety of academic leadership and management roles. Co-author of two journalism books and a number of major research reports, Suellen's expertise and research interests include cultural diversity, technology policy, theories of journalism, borderless education and social and economic impacts of the internet. Suellen was diagnosed with myopia-related Macular Degeneration in 2001.

Suellen is Chairman of the Client Services Committee for the MD Foundation.

Directors' Report

COMPANY SECRETARY

Julie Heraghty - BA DipEd

Julie Heraghty is the Chief Executive Officer of the Macular Degeneration Foundation. She spent over seven years as a Policy Advisor to NSW State Ministers across three major portfolios. Her career began as a secondary school teacher and she later qualified as a registered psychologist working in schools with students, teachers and parents. Julie has served as a Director and Manager in major Government Departments across Education and Training, Fair Trading and Infrastructure, Planning and Natural Resources. She has also served in Local Government as Deputy Mayor and has worked voluntarily for many charitable causes.

INDEPENDENCE OF DIRECTORS

The Directors are independent of the Foundation and have confirmed that they have no conflict of interest in their roles as Directors of the Foundation.

DIVIDENDS

The Company is a not-for-profit organisation and is prevented by its constitution from paying dividends.

CORPORATE INFORMATION

Macular Degeneration Foundation Limited is a company limited by guarantee that is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is Level 3, 447 Kent Street, Sydney, NSW 2000.

PRINCIPAL ACTIVITIES

The principal objective of the Foundation is to reduce the incidence and impact of Macular Degeneration (MD) in Australia. This includes the education and support of those with MD, as well as their families and carers, as well as education of health and eye-care professionals. There have been no significant changes in the nature of those activities during the year.

OPERATING AND FINANCIAL REVIEW

The core activities of the Foundation remained focused on reducing the incidence and impact of Macular Degeneration in Australia through education, awareness, research, support and representation. Further details of operations during the year are included in the Chairman and CEO's report.

OPERATING RESULTS FOR THE YEAR

The net surplus of the Company for the year ended 30 June 2009 was \$275,259 (2008: \$502,510). The net surplus for the year includes income from restricted cash activities attributable to corporate sponsorship commitments not completed at balance date of \$21,217 (2008: \$132,295). No income tax is payable by the Company as such income is exempt from income tax under the provisions of subdivision 50 of the Income Tax Assessment Act (1997).

Directors' Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The year ahead will focus on the execution of the Foundation's strategic plan.

Further information on the comprehensive program of activities in pursuit of the Foundation's mission of reducing the incidence and impact of Macular Degeneration in Australia can be made available on request or by visiting our website.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Directors' Report

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Director	Board		Audit & Risk Committee		Client Services Committee		Medical Committee	
	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend
Elizabeth Carr	4	4	5	5	3	5	4	4
Dr Paul Beaumont	4	4	-	-	-	-	4	4
Peter Brown	2	4	-	-	4	5	-	-
Ashley Chapman	4	4	4	5	5	5	-	-
Barry Clarke	4	4	2	5	4	5	-	-
Dr Peter Herse	3	3	-	-	3	3	-	-
Prof Jill Keefe	-	-	-	-	-	-	-	-
John McCarroll	4	4	4	5	-	-	-	-
Peter Reid	3	4	4	5	2	5	-	-
Paul Rogan	3	4	5	5	-	-	-	-
Dr Jim Runciman	2	4	-	-	-	-	3	4
Suellen Tapsall	3	4	-	-	4	5	-	-

Directors' Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Macular Degeneration Foundation Limited against legal costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty: or

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid was \$4,235 (2008: \$4,152).

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 15 of the report.

Signed in accordance with a resolution of the directors.

Elizabeth Carr - BA (Hons), MPA
Chairman

Perth

12 October 2009

Auditor's Independence Declaration to the Directors of Macular Degeneration Foundation Limited

In relation to our audit of the financial report of Macular Degeneration Foundation Limited for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Neil Wykes - OAM
Partner
Sydney

12 October 2009

Income Statement

For the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Donations / fundraising	3(a)	1,674,476	1,743,479
Government grants		468,600	473,427
Revenue		2,143,076	2,216,906
Other income	3(b)	82,590	56,537
Employee benefits expense	3(c)	(872,110)	(782,573)
Depreciation expense	3(d)	(31,219)	(32,221)
Other expenses	3(e)	(1,047,078)	(956,139)
Surplus before income tax		275,259	502,510
Income tax (expense)/benefit		-	-
Net surplus for the year		275,259	502,510

Balance Sheet

As at 30 June 2009

	Notes	2009 \$	2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,382,430	868,807
Trade and other receivables	5	174,430	262,750
Inventories		1,944	-
Prepayments		11,984	9,765
Total Current Assets		1,570,788	1,141,322
Non-current Assets			
Available-for-sale investments	6	623,584	672,527
Property, plant and equipment	7	51,215	79,808
Total Non-current Assets		674,799	752,335
TOTAL ASSETS		2,245,587	1,893,657
LIABILITIES			
Current Liabilities			
Trade and other payables	8	223,114	202,950
Total Current Liabilities		223,114	202,950
Non-current Liabilities			
Provisions	9	10,000	10,000
Total Non-current Liabilities		10,000	10,000
TOTAL LIABILITIES		233,114	212,950
NET ASSETS		2,012,473	1,680,707
EQUITY			
Retained earnings		2,040,440	1,765,181
Reserves		(27,967)	(84,474)
TOTAL EQUITY		2,012,473	1,680,707

Statement of Changes in Equity

For the year ended 30 June 2009

	Surplus funds \$	Restricted cash funds (a) \$	Research reserve (b) \$	Retained earnings \$	Net unrealised gains reserve \$	Total equity \$
At 1 July 2007	1,012,671	-	250,000	1,262,671	11,783	1,274,454
Net loss on available-for-sale financial assets	-	-	-	-	(96,257)	(96,257)
Total income and expense recognised directly in equity	-	-	-	-	(96,257)	(96,257)
Surplus for the year	220,215	132,295	150,000	502,510	-	502,510
Total recognised income and expense for the year	220,215	132,295	150,000	502,510	-	502,510
At 30 June 2008	1,232,886	132,295	400,000	1,765,181	(84,474)	1,680,707
Reversal of loss on available-for-sale investment already recognised in reserves at 30 June 2008 and disposed of during the year	-	-	-	-	74,665	74,665
Net loss on available-for-sale financial assets	-	-	-	-	(18,158)	(18,158)
Total income and expense recognised directly in equity	-	-	-	-	56,507	56,507
Surplus for the year	54,042	21,217	200,000	275,259	-	275,259
Total recognised income and expense for the year	54,042	21,217	200,000	275,259	-	275,259
At 30 June 2009	1,286,928	153,512	600,000	2,040,440	(27,967)	2,012,473

Statement of Changes in Equity (continued)

For the year ended 30 June 2009

(a) Restricted cash funds

This is corporate sponsorship funds set aside for specific projects which haven't occurred yet. These funds can only be used for the purposes set out in the corporate sponsorship agreement. Once funds are utilised for the purposes mentioned, these funds are re-allocated to surplus funds.

(b) Research reserve

The directors have decided to allocate a portion of the net surplus for the year to undertake research activities in the future. Once funds are utilised for the purposes mentioned, these funds are re-allocated to surplus funds.

Nature and purpose of reserves

Net unrealised gains reserve

This reserve records gains or losses from movements in the fair value of available-for-sale financial assets.

Cash Flow Statement

For the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from donations		1,762,796	1,588,363
Payments to suppliers and employees		(1,773,485)	(1,784,887)
Receipt of government grants		468,600	473,427
Interest received		51,912	36,527
Net cash flows from operating activities	4	509,823	313,430
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	2,859
Purchase of property, plant and equipment		(2,626)	(42,532)
Investment income received		6,426	11,118
Net cash flows from/(used in) investing activities		3,800	(28,555)
Cash flows from financing activities			
Net cash flows from/(used in) financing activities		-	-
Net increase in cash and cash equivalents		513,623	284,875
Cash and cash equivalents at beginning of year		868,807	583,932
Cash and cash equivalents at end of year	4	1,382,430	868,807

Notes to the Financial Statements

For the year ended 30 June 2009

1 CORPORATE INFORMATION

The financial report of Macular Degeneration Foundation Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 7 October 2009.

Macular Degeneration Foundation Limited is a company limited by guarantee that is incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Company are described in the directors' report.

Members' Guarantee

The Company is limited by guarantee. If the Company is wound up, the Company's constitution states that if upon winding-up or dissolution of the Company:

a) there remains, after satisfaction of all its debts and liabilities, any property whatsoever, that property will not be paid to or distributed among the members but shall be given or transferred to some other institution or institutions, having objects similar to the objects of the Company, whose memorandum of association of constitution prohibits the distribution of its of their income and property among its or their members to an extent at least as great as imposed on the Company under its constitution, and being an institution or institutions accepted as a deductible gift recipient under sub-division 30-B, section 30-100 of the Income Tax Assessment Act 1997 by the Commissioner of Taxation or otherwise approved for these purposes by the Commissioner of Taxation or institutions by the Members at or before the time of dissolution.

b) there is a deficit, each member and any members who ceased to be a member within 12 months of the winding up will contribute a maximum of \$1.

At 30 June 2009 the Company had 18 members (2008: 17 members).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has been prepared on a historical cost basis except where otherwise stated.

The financial report is presented in Australian dollars.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Some AIFRS and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements, including Standards AASB 116 Property, Plant and Equipment, AASB 136 Impairment of Assets and AASB 1004 Contributions.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2009. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations.

(c) Significant accounting judgements, estimates and assumptions

In applying the Company's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments

Impairment of non-financial assets

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include economic and political environments and future expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

(ii) Significant accounting estimates and assumptions

Make good provisions

Provision is made for the anticipated costs of future restoration of leased premises. The calculation of this provision requires assumption. The related carrying amounts are disclosed in Note 9.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting judgements, estimates and assumptions (continued)

(ii) Significant accounting estimates and assumptions (continued)

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. This assessment is based on supportable past collection history and historical write-offs of bad debts.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 3.

(d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Donations and fundraising

Revenue from donations and fundraising is not brought to account until monies are actually received. Donations in kind are recorded at the fair value of the goods or services received at the time they are received.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the Company does not have control of the contribution or does not have the right to receive the contribution or has not fulfilled grant conditions, the grant contribution is treated as restricted cash.

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

Sales of Goods

Revenue from sales of goods comprise revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

Investment Income

Investment income comprises interest and dividends. Interest income is recognised as it accrues, taking into account the effective yield on the financial

Dividends from listed entities are recognised when the right to receive a dividend has been established.

No amounts are included in the financial statements for services donated by volunteers.

Bequests

Bequests are recognised when the company is notified of an impending distribution or the legacy is received, whichever occurs earlier.

Government Funding

The Foundation's activities are supported by grants received from federal and state governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Revenue from all grants is recognised when received.

(e) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

(h) Inventories

Inventories comprise goods for resale and goods for distribution at no or nominal consideration as part of the company's charitable activities.

Inventories of goods purchased for resale are valued at the lower of cost and net reasonable value. The cost of bringing each item to its present location and condition is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(i) Income tax

No income tax is payable by the Company as such income is exempt from income tax under the provisions of subdivision 50 of the Income Tax Assessment Act (1997). The Company has Deductible Gift Recipient (DGR) status.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follow:

Plant and equipment – between 17% to 35% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date ie the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets, principally comprising equity and debt securities, together with managed funds, that are designated as available-for-sale or are not classified as any of the other three categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) Employee leave benefits

Wages, salaries and annual leave

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

Notes to the Financial Statements (continued)**For the year ended 30 June 2009**

	2009 \$	2008 \$
3 REVENUE AND EXPENSES		
(a) Donations/Fundraising		
Corporate Donations	505,159	481,133
Newsletter Donations	204,329	153,509
Other Donations	130,278	323,489
Corporate Sponsorships	819,710	775,348
Bequests	15,000	10,000
Total Donations/Fundraising Income	<u>1,674,476</u>	<u>1,743,479</u>
(b) Other income		
Bank interest received/receivable	51,912	36,527
Income on investments	30,678	20,010
Total other income	<u>82,590</u>	<u>56,537</u>
(c) Employee benefits expense		
Wages and salaries	756,310	690,902
Workers' compensation costs	5,947	2,083
Defined contribution plan expense	58,496	51,382
Annual leave	2,292	5,455
Other staff costs	49,065	32,751
Total employee benefits expense	<u>872,110</u>	<u>782,573</u>
(d) Depreciation expense		
Depreciation of non-current assets		
Plant and equipment	31,219	32,221
Total depreciation expense	<u>31,219</u>	<u>32,221</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

	2009 \$	2008 \$
3 REVENUE AND EXPENSES (continued)		
(e) Other expenses		
Communication expense	55,470	114,475
Research expense	12,188	34,781
Repairs and maintenance	24,826	24,760
Rental expense	69,441	65,867
Insurance	12,302	3,105
Administration expense	49,433	222,445
Property and equipment cost	16,684	26,937
Education and prevention programmes	676,677	351,543
Service and welfare - helpline	-	5,143
Patient aids	-	81,960
Marketing and fundraising expense	-	7,684
Loss on disposal of property, plant and equipment	-	5,600
Loss on disposal of investments	129,702	-
Sundry expenses	355	11,839
Total other expenses	<u>1,047,078</u>	<u>956,139</u>

4 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,373,374	856,838
Short-term deposits	9,056	11,969
	<u>1,382,430</u>	<u>868,807</u>

Reconciliation of cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:

Cash at bank and in hand	1,373,374	856,838
Short-term deposits	9,056	11,969
	<u>1,382,430</u>	<u>868,807</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

	2009 \$	2008 \$
4 CASH AND CASH EQUIVALENTS (continued)		
Reconciliation from the net surplus after tax to the net cash flows from operations		
Net surplus	275,259	502,510
<i>Adjustments for:</i>		
Depreciation	31,219	32,221
Net loss on disposal of property, plant and equipment	-	5,600
Income on investments	(30,678)	(20,010)
(Gain)/loss on revaluation of investment in financial assets	129,702	-
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	88,320	(155,116)
Increase in inventory	(1,944)	-
Increase in other assets	(2,219)	(9,765)
Increase/(decrease) in trade and other creditors	20,164	(42,010)
Net cash flows from operating activities	<u>509,823</u>	<u>313,430</u>
5 TRADE AND OTHER RECEIVABLES (CURRENT)		
Accounts receivable	166,768	220,214
Sundry debtors	7,662	11,059
GST receivable	-	31,477
Carrying amount of trade and other receivables	<u>174,430</u>	<u>262,750</u>

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for impairment loss is recognised when there is objective evidence that a trade receivable is impaired. No allowance for impairment loss has been recognised by the Company (2008: \$nil).

All balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

	2009	2008
	\$	\$

5 TRADE AND OTHER RECEIVABLES (CURRENT) (continued)

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Company's policy to transfer (on sell) receivables to special purpose entities.

Details regarding the credit risk of current receivables is disclosed in Note 10.

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

At Fair Value

Investment portfolio	623,584	672,527
	<u>623,584</u>	<u>672,527</u>

The portfolio comprises securities listed on the Australian Stock Exchange together with managed funds and bank bills diversified across a number of asset classes. The fair value of the portfolio has been independently determined by reference to published price quotations in active markets.

7 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment

At cost	147,162	144,536
Accumulated depreciation	<u>(95,947)</u>	<u>(64,728)</u>
Net carrying amount	<u>51,215</u>	<u>79,808</u>

Movement in property, plant and equipment

Plant and equipment

Balance at the beginning of the year

At cost	144,536	133,335
Accumulated depreciation	<u>(64,728)</u>	<u>(55,379)</u>
Net carrying amount	79,808	77,956
Additions	2,626	42,532
Disposals	-	(8,459)
Depreciation charge for the year	<u>(31,219)</u>	<u>(32,221)</u>
Balance at the end of the year - net carrying amount	<u>51,215</u>	<u>79,808</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

	2009 \$	2008 \$
8 TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors	50,818	91,593
Other creditors	94,189	80,819
GST payable	45,277	-
Annual leave accrued	32,830	30,538
	<u>223,114</u>	<u>202,950</u>

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Trade payables

Trade payables are non-interest bearing and are normally settled on 60-day terms.

(c) Other payables

Other payables are non-trade payables, are non-interest bearing and have an average term of 6 months.

(d) Liquidity risk

Information regarding the liquidity risk of current payables is set out in Note 10.

9 PROVISIONS

Non Current

Make-good - leased premises	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

Make-good

At 1 July 2008	10,000
Arising during the year	-
Utilised	-
At 30 June 2009	<u>10,000</u>

In accordance with the lease agreement, the Company must restore the leased premises in Sydney to its original condition before November 2011. A provision of \$10,000 was made during the year ended 30 June 2007 in respect of the Company's obligation to remove leasehold improvements from these leased premises.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables, investments and cash and short-term deposits.

The main purpose of these financial instruments is to provide working capital, to generate an appropriate return on funds employed and to maintain liquidity for the Company's operations.

The Company manages its exposure to key financial risks, including interest rate risk in accordance with the Company's risk management policy inclusive of liquidity management policy and investment policy. The objective of these policies is to support the delivery of the Company's financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Audit & Risk Committee under the authority of the Board. The Board receives regular reports on its financial exposures and agrees policies for managing its financial risks on the recommendation of the Audit & Risk Committee. The Company generally maintains a relatively simple set of financial risk exposures and as such does not enter into derivative transactions for either hedging or trading purposes.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and market risk. The Company uses different methods to measure and manage the different types of risks to which it is exposed. The Company maintains minimal exposure to interest rate risk as its financial instruments are principally floating rate in nature. Ageing analyses and monitoring of specific debtor positions are regularly undertaken to manage credit risk, liquidity risk is monitored and managed via requirements under the liquidity management policy to maintain a minimum level of cash based off rolling three month average of expenditures. The Company also utilises budgets and forecasts of cashflows to manage liquidity risks.

Market risk is managed in accordance with the Investment Policy and monitored via regular reporting and advice from the Company's external advisors. In accordance with the Investment Policy approved by the Board, limits are set on the overall asset allocation of the portfolio which seeks to diversify risk exposure across different classifications and types of investment. Approval by the Investment Sub Committee of the Audit & Risk Committee is required for material changes to the portfolio, asset allocations or investment strategy. The investment portfolio is held for the medium to long term benefit of the Company and is subject to regular fair valuation (i.e. mark to market) movements which are independently determined and reported upon.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses

(a) Interest rate risk

The Company's exposure to market interest rates is minimal as only cash and cash equivalents earns interest with a floating interest rate.

At balance date, the Company had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk that are not designated in cash flow hedges:

	2009 \$	2008 \$
Financial Assets		
Cash and cash equivalents	1,382,430	868,807
Net exposure	1,382,430	868,807

The Company analyses its interest rate positions on a regular basis. Within this analysis consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates and rates generally available in the market.

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date:

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, surplus and equity would have been affected as follows:

Judgements of reasonably possible movements:

	Higher/(Lower) 2009 \$	2008 \$
Surplus		
+0.5%	5,430	3,341
- 0.5%	(5,430)	(3,341)
Equity		
+0.5%	5,430	3,341
- 0.5%	(5,430)	(3,341)

The movements in surplus and equity are due to higher/lower interest income from variable rate cash balances. The sensitivity is higher in 2009 than in 2008 because of an increase in average cash balances subject to interest rate fluctuations.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

(b) Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Company's investments.

To limit this risk the Company diversifies its portfolio in accordance with the Board approved Investment Policy. The portfolio is comprised of a balance of cash, investment grade fixed interest, domestic and international equities and property securities. The portfolio is invested via direct securities as well as via managed funds operated by highly regarded Funds Managers.

The market risk of the portfolio securities is material in terms of a possible impact on profit and loss or total equity as shown in the sensitivity analysis below.

At 30 June 2009, if market equity prices had moved, as illustrated in the table below, with all other variables held constant, surplus and equity would have been affected as follows:

Judgements of reasonably possible movements:

	<i>Higher/(Lower)</i>	
	<i>2009</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>
Surplus		
+10%	-	-
-10%	-	-
Equity		
+10%	57,981	56,982
- 10%	(57,981)	(56,982)

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

(c) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and the fixed interest component of the investment portfolio. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables. The fixed interest investments within the investment portfolio are required to be investment grade as rated by Standards and Poors.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is immaterial.

With the exception of the investment grade fixed interest investments and cash and cash equivalents held at bank there are no significant concentrations of credit risk within the Company.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

(d) Liquidity risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of

The Company manages liquidity risk on a regular basis and is covered by minimum cash available reserves driven off rolling 3 months expenditure levels.

The table below reflects all contractually fixed pay-offs and receivables for settlement. For all obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2009.

The remaining contractual maturities of the Company's financial liabilities are:

	2009 \$	2008 \$
6 months or less	223,114	202,950
	<u>223,114</u>	<u>202,950</u>

Maturity analysis of financial assets and liabilities based on management's expectation.

Year ended 30 June 2009	≤6 months \$	6-12 months \$	1-5 years \$	Total \$
Financial assets				
Cash and cash equivalents	1,382,430	-	-	1,382,430
Trade and other receivables	174,430	-	-	174,430
Available-for-sale investments*	-	-	623,584	623,584
	<u>1,556,860</u>	<u>-</u>	<u>623,584</u>	<u>2,180,444</u>
Financial liabilities				
Trade and other payables	223,114	-	-	223,114
	<u>223,114</u>	<u>-</u>	<u>-</u>	<u>223,114</u>
Net maturity	<u>1,333,746</u>	<u>-</u>	<u>623,584</u>	<u>1,957,330</u>

* Available-for-sale investments. Whilst it is the Board's intention that the investment is held over the long term, it is highly liquid.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

(e) Capital Maintenance

Research Reserve

The Company has as one of its key objectives to represent the interests of the MD community by providing the support and pursuance of Research activities. With this objective in mind the Board have allocated \$200,000 (2008: \$150,000) for future Research projects. These provisions are categorised as "Research Reserve" in the Statement of Changes in Equity on page 18.

Restricted Cash

The Company has entered into contractual agreements with external parties whereby sponsorship funding is received with specific directions as to how the funds may be spent by the Company. The receipt of these funds has been included in the Income for the year. At 30 June 2009 there were outstanding commitments which had yet to be undertaken in respect of these sponsorships amounting to \$153,152 (2008: \$132,295). These commitments, which are expected to be completed within the year ended 30 June 2009, are categorised as "Restricted Cash" in the Statement of Changes in Equity on page 18.

(f) Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

11 COMMITMENTS AND CONTINGENCIES

(a) Commitments

Operating lease commitments – Company as lessee

The Company entered into a commercial lease on 1 December 2005. The lease has a life of 6 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into the lease.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2009 \$	2008 \$
Within one year	72,913	69,441
After one year but not more than five years	109,104	182,017
	<u>182,017</u>	<u>251,458</u>

(b) Contingencies

Guarantee

The Company has arranged a guarantee facility of \$9,056 (2008: \$9,056) with National Australia Bank Limited for the rental of the office.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

12 EVENTS AFTER BALANCE SHEET DATE

Subsequent to balance date, the value of the investment portfolio has increased to \$1,202,028 as of 7 October 2009 due to further investment of \$500,000 (with consequential reduction in cash and cash equivalents) together with positive revaluation increments arising from improved conditions in both the debt and equity investment markets.

13 AUDITORS' REMUNERATION

The auditor of Macular Degeneration Foundation Limited is Ernst & Young.

	2009 \$	2008 \$
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>		
• an audit or review of the financial report of the entity	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

Ernst & Young make a donation to Macular Degeneration Foundation Limited of an amount equal to the fee charged.

14 SEGMENT INFORMATION

The Macular Degeneration Foundation Ltd is a charitable institution and operates exclusively in Australia.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

15 RELATED PARTY DISCLOSURES

The directors of the Macular Degeneration Foundation Limited during the financial year were:

Elizabeth Carr

Dr Paul Beaumont

Peter Brown

Ashley Chapman

Barry Clarke

Dr Peter Herse (Resigned: 5 December 2008)

Prof Jill Keeffe (Appointed: 21 August 2009)

John McCarroll

Peter Reid

Paul Rogan

Dr Jim Runciman

Suellen Tapsall

The executives of the Macular Degeneration Foundation Limited during the financial year were:

Julie Heraghty (Chief Executive Officer)

Lucy Walker (General Manager)

John Beynon (Finance Manager)

Monique Ryan (Marketing & Fundraising Manager)

(a) Compensation of Key Management Personnel

The directors do not receive remuneration for services performed in their role as director of the Company, besides the contract premiums paid of \$4,235 (2008: \$4,152). Directors are reimbursed for the reasonable expenses incurred in attending meetings or carrying out activities on behalf of the Foundation.

Key Management Personnel received employee benefits (all short term) for services performed of \$415,176 (2008: \$309,478).

(b) Loans to Key Management Personnel

There have been no loans made to Key Management Personnel during the financial year.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

15 RELATED PARTY DISCLOSURES (continued)

(c) Other transactions and balances with Key Management Personnel and their related parties

Mr. Peter Brown is the director of Bluedesk. Bluedesk received \$14,650 for services rendered for the year ended 30 June 2009 (2008: \$41,523). The Foundation has received these services on terms more favourable to it than Bluedesk's normal commercial terms. Bluedesk also provided services to Novartis during the year which were provided at their normal commercial terms.

Dr Paul Beaumont is a member of the Medical Advisory Board of Novartis and Alcon. He has received honoraria for giving lectures on AMD from Novartis and Blackmores and has been conducting research and running controlled trials on AMD which are sponsored by these companies. He does not have shares in any company which sponsors the Macular Degeneration Foundation Limited.

Total sponsorship directly received by MD Foundation from Novartis totalled \$497,000 for the year ended 30 June 2009 (2008: \$405,000).

Mr John McCarroll is employed by Goldman Sachs JBWere. Since August 2008 Goldman Sachs JBWere have managed the Foundation's investment portfolio. Goldman Sachs JBWere provided a donation of \$20,000 in the year ended 30 June 2009 (2008: \$nil). Mr McCarroll is also a Director of the Australian Stockbrokers Foundation. The Australian Stockbrokers Foundation provided donations of \$10,000 for the year ended 30 June 2009 (2008: \$nil). Mr John McCarroll made a donation of \$100 to the Foundation in the year ended 30 June 2009 (2008: \$nil).

Mr Peter Reid made a donation of \$500 to the Foundation in the year ended 30 June 2009 (2008: \$nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

16 INFORMATION AND DECLARATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991

Macular Degeneration Foundation Ltd

Income received and the cost of raising income for specific fundraising, has been audited and all revenue and expenses have been recognised in the financial statements of the Macular Degeneration Foundation Ltd.

Income and expenses after the allocation of employment costs to each activity is set out below:

	Notes	2009 \$	2008 \$
Income			
Income from fundraising	3(a)	1,674,476	1,743,479
Government grants		468,600	473,427
Income from investments	3(b)	82,590	56,537
Total Income		2,225,666	2,273,443
Expenses			
Education		478,661	321,482
Awareness		641,384	551,759
Support services		245,268	320,699
Representation		31,890	69,675
Cost of providing services		1,397,203	1,263,615
Research		106,811	143,105
Cost of providing services and research		1,504,014	1,406,720
Management		348,288	242,783
Fundraising		98,105	121,430
Total Expenses	3(c), 3(d), 3(e)	1,950,407	1,770,933
Surplus for the year		275,259	502,510
(a) Gross proceeds from fundraising		1,674,476	1,743,479
Costs of fundraising		(98,105)	(121,430)
Net Surplus obtained from fundraising appeals		1,576,371	1,622,049
(b) Application of net surplus obtained from fundraising appeals			
Providing services and research		1,504,014	1,406,720
Cost of operations		72,357	215,329
		1,576,371	1,622,049

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

16 INFORMATION AND DECLARATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991 (continued)

(c) Comparisons of certain monetary figures and percentages	2009		2008	
	\$	%	\$	%
Total cost of fundraising /	98,105	5.9%	121,430	7.0%
Gross income from fundraising	1,674,476		1,743,479	
Net surplus from fundraising /	1,576,371	94.1%	1,622,049	93.0%
Gross income from fundraising	1,674,476		1,743,479	
Total costs of services /	1,852,302	95.0%	1,649,503	93.1%
Total expenditure	1,950,407		1,770,933	
Total costs of services /	1,852,302	83.2%	1,649,503	72.6%
Total income received	2,225,666		2,273,443	

Directors' Declaration

In accordance with a resolution of the directors of Macular Degeneration Foundation Limited, I state that:

In the opinion of the directors:

- (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Elizabeth Carr - BA (Hons), MPA
Chairman

Perth

12 October 2009

Chairman's Declaration

By the Chairman in respect of fundraising appeals pursuant to section 7 (5) of the Charitable Fundraising Act 1991 – Regulation

I, Elizabeth Carr, Chairman of the Macular Degeneration Foundation Limited, declare, in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals, for the financial year ended 30 June 2009;
- (b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal, as at 30 June 2009;
- (c) the provisions of the Charitable Fundraising Act 1991 and the Regulations and the conditions attached to the authority have been complied with for the year 1 July 2008 to 30 June 2009; and
- (d) internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

Elizabeth Carr - BA (Hons), MPA
Chairman

Perth

12 October 2009

Independent auditor's report to the members of Macular Degeneration Foundation Limited

Report on the Financial Report

We have audited the accompanying financial report of Macular Degeneration Foundation Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed.

Auditor's Opinion

In our opinion, the financial report of Macular Degeneration Foundation Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of Macular Degeneration Foundation Limited at 30 June 2009 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Auditor's Other Reporting Obligations under the Charitable Fundraising Act 1991

In accordance with the requirements of the Charitable Fundraising Act 1991, we hereby report that in our opinion:

- (i) the financial report of Macular Degeneration Foundation Limited shows a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2009;
- (ii) the financial report has been properly drawn up, and associated records of Macular Degeneration Foundation Limited have been properly kept during the year in accordance with the Charitable Fundraising Act 1991;
- (iii) money received as a result of fundraising appeals conducted during the year ended 30 June 2009 has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991; and
- (iv) as at the date of this statement there are reasonable grounds to believe that Macular Degeneration Foundation Limited will be able to pay its debts as and when they fall due.

Ernst & Young

Neil Wykes - OAM
Partner
Sydney

12 October 2009