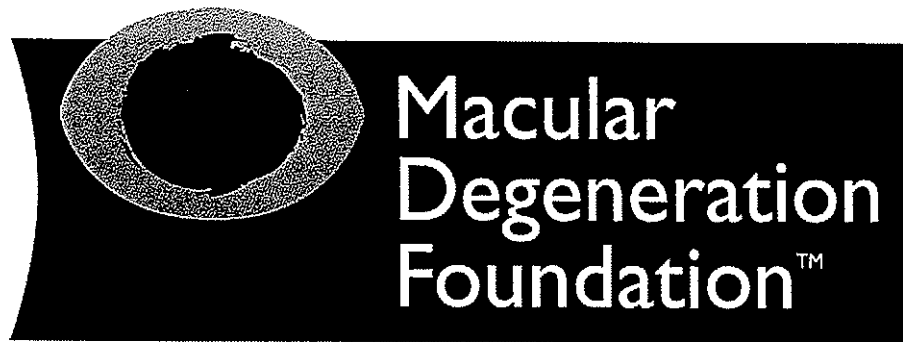




Our focus is your vision

Macular Degeneration Foundation Limited

ABN 52 096 255 177

GENERAL PURPOSE FINANCIAL REPORT
For the year ended 30 June 2008

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MACULAR DEGENERATION FOUNDATION LIMITED

**Chairman and Chief Executive Officers' Report
For the year ended 30 June 2008**

The 2007/2008 financial year once again continued to see the Foundation's objectives realised and move closer to reducing the incidence and impact of Macular Degeneration in Australia.

This year the Foundation expanded existing programs and initiated some exciting new projects which take the Foundation to new heights in awareness and education.

Again thousands of people were able to learn about Macular Degeneration across the country including regional Australia where they were able to have face to face contact with the Foundation. An education officer located in WA was appointed and the subsequent interest generated in education and awareness has been remarkable.

The MD Awareness Week 2008 was held from 25-31 May 2008 and was a great success. A national public relations campaign saw significant pick-up of the press release resulting in media exposure to over 15 million people. In addition, an extensive direct mail initiative led to the Australia-wide distribution of around 13,000 MD Awareness Week information packs to Optometrists, Ophthalmologists, Orthoptists, Pharmacies, Libraries and Parliamentarians.

The highlight of MD Awareness Week was the Annual Fundraising Dinner held on Friday 31 May at the Hilton Hotel, Sydney. Special guests included Senator the Hon. Jan McLucas, Parliamentary Secretary to the Minister for Health & Ageing, MD Foundation Patron, Ita Buttrose and the internationally renowned architect Jan Utzon who spoke about his father and the impact MD has had on his father's life and that of the Utzon family.

In the lead up to MD Awareness Week, the Foundation undertook the first ever paid TV advertising campaign. It was a pilot program which ran for four weeks in April/May 2008 in the Adelaide and Newcastle areas. The project was highly successful and our thanks go to Novartis for their support of this initiative which has the potential to expand and make a real difference in the fight against this disease in Australia.

Special major projects undertaken throughout the year included the MD Foundation Veteran Project providing information sessions for the Veteran community in NSW, Queensland, and Victoria. The Foundation is grateful to the National RSL and in particular to the National President Major General William J Crews AO (Retd) and State Presidents for their support of the project.

MACULAR DEGENERATION FOUNDATION LIMITED

Chairman and Chief Executive Officers' Report (Continued)

For the year ended 30 June 2008

The Foundation also began a concentrated effort to reach health professionals including General Practitioners and Optometrists, Ophthalmic Practice Managers, Ophthalmic Nurses and Orthoptists. This was achieved through conventions & exhibitions, direct mail and speaking at major conferences. The Foundation also undertook a training program for our future professionals in partnership with the University of NSW School of Optometry and Vision Science, providing over sixty 4th year optometry students a half day training session at the Foundation's office.

The Foundation will soon embark on a major initiative to educate GPs about Macular Degeneration. This has come about via a grant from the Federal government that focuses on GP education. Over a two year period the Foundation will develop education materials which will be piloted in NSW and then rolled out to other states. This project has again highlighted the great contribution provided by government and the recognition of the MD Foundation's role in the delivery of support and services to health professionals.

We completed Project Vision 2, our ongoing social research project, and learnt a great deal about our MD community, how they manage the disease, what impact it has on their life and the critical needs of patients, their family and carers. The Foundation will use the outcomes of the research to help guide its services and activities to help support the MD community. Our thanks go to Blackmores for their continued support of this important research.

Our research also extended to the continuation of the Galaxy Poll research which was undertaken in December 2007. The focus was on the link with work and views on ageing and severe vision loss. The poll revealed that, while most people believe that blindness and severe vision loss would dramatically impact their life, surprisingly few were taking the simplest of steps of an eye examination to help reduce their risk of developing Macular Degeneration. Furthermore Australians wrongly believe that severe vision loss is simply a part of getting older. There is clearly still a great deal of work to be undertaken to increase awareness and understanding of this disease.

Chairman and Chief Executive Officers' Report (Continued)

For the year ended 30 June 2008

Resources and services to our clients reached even greater levels with the development of new publications and the broadening of our reach to new communities through relationships with such groups as COTA (Council on the Ageing) and a targeted focus on retirement villages. The highlight was the production of a new publication Family, Friend & Carer – A Guide, which followed on from our first publication Low Vision – A Guide. The publication was funded by the NSW Department of Ageing, Disability and Home Care (DADHC) and launched in Seniors Week by NSW Minister for Ageing and Disability Services, the Hon. Kristina Keneally. In addition, the Foundation developed translated materials to help ensure the MD message reached non-English speaking communities – 2 key publications were translated into five languages (Arabic, Chinese, Greek, Italian and Vietnamese).

The MD Foundation now represents the Australian MD community on the world stage after being formally voted on to the executive of AMD Alliance International, the peak body representing the interests of the MD community worldwide.

The Board of Directors along with Committees met throughout the year to provide strategic direction and oversee the work of the Foundation. Our year, as always, has its challenges but the expertise and support of the MD Foundation Board has been invaluable in seeking resolution and good outcomes for the people we serve.

Our sincere thanks to the Foundation's Patron Ita Buttrose AO, OBE who gives her time, energy and expertise to the Foundation's activities throughout the year. A special thanks to our staff and volunteers who work to ensure the delivery of quality services and excellent outcomes.

The generosity of our supporters and partners was again outstanding, with the Vincent Fairfax Family Foundation extending its support to enable isolated rural communities to have access to our Navigator Library Access Project. The Foundation is also grateful for the continuing support of the Profield Foundation and was deeply saddened at the loss of its benefactor Mr Ross Field.

MACULAR DEGENERATION FOUNDATION LIMITED

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

For the year ended 30 June 2008

The Foundation appreciates and thanks our donors, supporters, partners and sponsors including the NSW and Federal Governments, Novartis, Blackmores, Allergan, Quantum Technology, Optometrists Association Australia, Royal Australian and New Zealand College of Ophthalmology, Vincent Fairfax Family Foundation, Profield Foundation, Mallesons Stephen Jacques, Ernst & Young and Bluedesk.

The Foundation would like to extend a special thank you to all of the low vision service providers across Australia as well as other Foundations and Associations with whom we work closely to deliver comprehensive services for clients.

A special thank you to Ernst & Young, who so generously give their time and expertise as our auditors.

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. A special thanks to the individuals who donate to the Foundation to ensure our services can continue, along with the many volunteers who become valued friends of the Foundation. Without this support we cannot exist.

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 2008.

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
John McCarroll - B.Ec, SDIAM
Peter Reid - BA, LLB
Paul Rogan - BBus, FCPA
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 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 at Macquarie Group.

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.

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.

Barry Clarke - PNA

Barry Clarke is a qualified accountant, current Director and past President of the Royal Society for the Blind in South Australia. 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 now sold this business, he retired in 2005 to spend more time on his personal and investment interests.

Directors' Report

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.

Dr. Herse is Chairman of the Client Services Committee .

John McCarroll - B.Ec, SDIAM

John is a Director with Goldman Sachs JB Were Private Wealth Management division. John has more than 28 years experience in the Australian Finance industry both in Australia and Europe. 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 is a SDIAM member.

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 20 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

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 Chief Financial Officer 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 retinal ophthalmologist and principal of the Adelaide Eye Centre.

He is the current Vice President of both the Royal Society for the Blind of SA and State Chair for the Macular Degeneration 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 three journalism books and a number of major research reports, Suellen's expertise and research interests include technology policy, theories of journalism, borderless education and social and economic impacts of the internet. Suellen is the current national president of the Journalism Education Association. She was diagnosed with myopia-related Macular Degeneration in 2001 and continues to be active in journalism education and research nationally and internationally.

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.

Directors' Report

OPERATING RESULTS FOR THE YEAR

The net surplus of the Company for the year ended 30 June 2008 was \$502,510 (2007: \$237,732). The net surplus for the year includes income from restricted cash activities attributable to corporate sponsorship commitments not completed at balance date of \$132,295 (2007: \$nil). 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).

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	5	6	5	5	1	4	2	4
Dr Paul Beaumont	6	6	-	-	-	-	4	4
Peter Brown	6	6	-	-	4	4	-	-
Ashley Chapman	6	6	4	5	4	4	-	-
Barry Clarke	4	6	-	-	2	4	-	-
Dr Peter Herse	2	6	-	-	3	4	-	-
John McCarroll	5	6	-	-	-	-	-	-
Peter Reid	5	6	4	5	3	4	-	-
Paul Rogan	5	6	5	5	-	-	-	-
Dr Jim Runciman	3	6	-	-	-	-	4	4
Suellen Tapsall	4	6	-	-	3	4	-	-

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 \$4,152 (2007: \$3,020).

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 14 of the report.

Signed in accordance with a resolution of the directors.

Elizabeth Carr - BA (Hons), MPA
Chairman

Sydney
13 October 2008

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 2008, 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
13 October 2008

Income Statement

For the year ended 30 June 2008

	Notes	2008 \$	2007 \$
Donations / fundraising	3(a)	1,743,479	1,330,296
Government grants		473,427	406,500
Revenue		<u>2,216,906</u>	<u>1,736,796</u>
Other income	3(b)	56,537	51,148
Employee benefits expense	3(c)	(782,573)	(644,413)
Depreciation expense	3(d)	(32,221)	(28,987)
Other expenses	3(e)	(956,139)	(876,812)
Surplus before income tax		<u>502,510</u>	<u>237,732</u>
Income tax (expense)/benefit		-	-
Net surplus for the year		<u><u>502,510</u></u>	<u><u>237,732</u></u>

Balance Sheet

As at 30 June 2008

	Notes	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	868,807	583,932
Trade and other receivables	5	262,750	107,634
Prepayments		9,765	-
Total Current Assets		<u>1,141,322</u>	<u>691,566</u>
Non-current Assets			
Available-for-sale investments	6	672,527	759,892
Property, plant and equipment	7	79,808	77,956
Total Non-current Assets		<u>752,335</u>	<u>837,848</u>
TOTAL ASSETS		<u>1,893,657</u>	<u>1,529,414</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	8	202,950	244,960
Total Current Liabilities		<u>202,950</u>	<u>244,960</u>
Non-current Liabilities			
Provisions	9	10,000	10,000
Total Non-current Liabilities		<u>10,000</u>	<u>10,000</u>
TOTAL LIABILITIES		<u>212,950</u>	<u>254,960</u>
NET ASSETS		<u>1,680,707</u>	<u>1,274,454</u>
EQUITY			
Retained earnings		1,765,181	1,262,671
Reserves		(84,474)	11,783
TOTAL EQUITY		<u>1,680,707</u>	<u>1,274,454</u>

Statement of Changes in Equity

For the year ended 30 June 2008

	Surplus funds \$	Restricted cash funds (a) \$	Research reserve (b) \$	Retained earnings \$	Net unrealised gains reserve \$	Total equity \$
At 1 July 2006	924,939	-	100,000	1,024,939	-	1,024,939
Surplus for the year (as previously stated)	99,515	-	150,000	249,515	-	249,515
Correction of errors: net gain on available-for-sale financial assets (note 17)	(11,783)	-	-	(11,783)	11,783	-
Total recognised income and expense for the year	87,732	-	150,000	237,732	11,783	249,515
At 30 June 2007 (re-stated)	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

Statement of Changes in Equity (continued)

For the year ended 30 June 2008

(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 2008

	Notes	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from donations		1,588,363	1,369,007
Payments to suppliers and employees		(1,784,887)	(1,427,159)
Receipt of government grants		473,427	406,500
Interest received		36,527	51,148
Net cash flows from operating activities	4	<u>313,430</u>	<u>399,496</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,859	1,213
Purchase of property, plant and equipment		(42,532)	(54,837)
Purchase of investment in financial assets		-	(748,109)
Interest received		11,118	-
Net cash flows used in investing activities		<u>(28,555)</u>	<u>(801,733)</u>
Cash flows from financing activities			
Net cash flows from/(used in) financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		284,875	(402,237)
Cash and cash equivalents at beginning of year		<u>583,932</u>	<u>986,169</u>
Cash and cash equivalents at end of year	4	<u><u>868,807</u></u>	<u><u>583,932</u></u>

Notes to the Financial Statements

For the year ended 30 June 2008

1 CORPORATE INFORMATION

The financial report of Macular Degeneration Foundation Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 13 October 2008.

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 2008 the Company had 11 members (2007: 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 2008

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 2008. 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.

Adoption of new accounting standard

The Company has adopted AASB 7 Financial Instruments: Disclosures and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

(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:

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

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 deferred income.

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.

(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.

(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, net of outstanding bank overdrafts.

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) 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.

(i) 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(k) 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Investments and other financial assets (continued)

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 equity securities, 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 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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.

(m) 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.

(n) 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.

(o) 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 2008**

	2008 \$	2007 \$
3 REVENUE AND EXPENSES		
(a) Donations/Fundraising		
Corporate Donations	481,133	362,807
Newsletter Donations	153,509	141,520
Other Donations	323,489	225,257
Corporate Sponsorships	775,348	540,712
Bequests	10,000	60,000
Total Donations/Fundraising Income	<u>1,743,479</u>	<u>1,330,296</u>
(b) Other income		
Bank interest received/receivable	36,527	51,148
Income on investments	20,010	-
Total other income	<u>56,537</u>	<u>51,148</u>
(c) Employee benefits expense		
Wages and salaries	690,902	496,642
Workers' compensation costs	2,083	10,350
Defined contribution plan expense	51,382	41,594
Annual leave	5,455	2,772
Other staff costs	32,751	93,055
Total employee benefits expense	<u>782,573</u>	<u>644,413</u>
(d) Depreciation expense		
Depreciation of non-current assets		
Plant and equipment	32,221	28,987
Total depreciation expense	<u>32,221</u>	<u>28,987</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

	2008 \$	2007 \$
3 REVENUE AND EXPENSES (continued)		
(e) Other expenses		
Communication expense	114,475	48,084
Research expense	34,781	16,778
Repairs and maintenance	24,760	12,957
Rental expense	65,867	63,412
Insurance	3,105	11,760
Administration expense	222,445	121,559
Property and equipment cost	26,937	15,718
Education and prevention programmes	351,543	355,991
Service and welfare - helpline	5,143	5,968
Patient aids	81,960	136,950
Marketing and fundraising expense	7,684	83,334
Loss on disposal of property, plant and equipment	5,600	4,301
Sundry expenses	11,839	-
Total other expenses	<u>956,139</u>	<u>876,812</u>

4 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	856,838	573,074
Short-term deposits	11,969	10,858
	<u>868,807</u>	<u>583,932</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	856,838	573,074
Short-term deposits	11,969	10,858
	<u>868,807</u>	<u>583,932</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

	2008 \$	2007 \$
4 CASH AND CASH EQUIVALENTS (continued)		
Reconciliation from the net surplus after tax to the net cash flows from operations		
Net surplus	502,510	237,732
<i>Adjustments for:</i>		
Depreciation	32,221	28,987
Net loss on disposal of property, plant and equipment	5,600	4,301
Income on investments	(20,010)	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(155,116)	38,711
(Increase)/decrease in other assets	(9,765)	8,830
(Decrease)/increase in trade and other creditors	(42,010)	80,935
Net cash flows from operating activities	<u>313,430</u>	<u>399,496</u>

5 TRADE AND OTHER RECEIVABLES (CURRENT)

Accounts receivable	220,214	232
Sundry debtors	11,059	91,513
GST receivable	31,477	15,889
Carrying amount of trade and other receivables	<u>262,750</u>	<u>107,634</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 (2007: \$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 2008

	2008 \$	2007 \$
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

672,527	759,892
<u>672,527</u>	<u>759,892</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

144,536 133,335

Accumulated depreciation

(64,728) (55,379)

Net carrying amount

79,808 77,956

Movement in property, plant and equipment

Plant and equipment

Balance at the beginning of the year

At cost

133,335 85,328

Accumulated depreciation

(55,379) (37,708)

Net carrying amount

77,956 47,620

Additions

42,532 64,837

Disposals

(8,459) (5,514)

Depreciation charge for the year

(32,221) (28,987)

Balance at the end of the year - net carrying amount

79,808 77,956

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

	2008 \$	2007 \$
8 TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors	91,593	43,964
Other creditors	80,819	175,913
Annual leave accrued	30,538	25,083
	<u>202,950</u>	<u>244,960</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 2007

10,000

Arising during the year

-

Utilised

-

At 30 June 2008

10,000

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 2008

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 2008

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:

	2008 \$	2007 \$
Financial Assets		
Cash and cash equivalents	868,807	583,932
Net exposure	868,807	583,932

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 2008, 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) 2008 \$	2007 \$
Surplus		
+0.5%	3,341	4,966
- 0.5%	(3,341)	(4,966)
Equity		
+0.5%	3,341	4,966
- 0.5%	(3,341)	(4,966)

The movements in surplus and equity are due to higher/lower interest income from variable rate cash balances. The sensitivity is lower in 2008 than in 2007 because of a decrease in average cash balances as excess cash was moved to the investment portfolio.

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

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 2008, 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:

	Higher/(Lower)	
	2008	2007
	\$	\$
Surplus		
+10%	-	-
-10%	-	-
Equity		
+10%	67,253	75,989
- 10%	(67,253)	(75,989)

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

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 2008

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 resolution.

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 2008.

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

	2008 \$	2007 \$
6 months or less	202,950	244,960
	<u>202,950</u>	<u>244,960</u>

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

Year ended 30 June 2008	≤6 months \$	6-12 months \$	1-5 years \$	Total \$
Financial assets				
Cash and cash equivalents	868,807	-	-	868,807
Trade and other receivables	262,750	-	-	262,750
Available-for-sale investments	-	-	672,527	672,527
	<u>1,131,557</u>	<u>-</u>	<u>672,527</u>	<u>1,804,084</u>
Financial liabilities				
Trade and other payables	202,950	-	-	202,950
	<u>202,950</u>	<u>-</u>	<u>-</u>	<u>202,950</u>
Net maturity	<u>928,607</u>	<u>-</u>	<u>672,527</u>	<u>1,601,134</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

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 \$150,000 (2007: \$150,000) for future Research projects. These provisions are categorised as "Research Reserve" in the Statement of Changes in Equity on page 17.

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 2008 there were outstanding commitments which had yet to be undertaken in respect of these sponsorships amounting to \$132,295 (2007: Nil). 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 17.

(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 2008

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:

	2008	2007
	\$	\$
Within one year	69,441	67,473
After one year but not more than five years	182,017	289,392
	<u>251,458</u>	<u>356,865</u>

(b) Contingencies

Guarantee

The Company has arranged a guarantee facility of \$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 2008

12 EVENTS AFTER BALANCE SHEET DATE

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

13 AUDITORS' REMUNERATION

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

	2008 \$	2007 \$
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>		
• an audit or review of the financial report of the entity	-	-
	-	-

As in previous years, as part of our support to the Macular Degeneration Foundation there has been no charge for audit services. The fees for this engagement are estimated to be \$30,000 (2007: \$25,000) plus GST.

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 2008

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
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)
Barry Scolnik (Finance 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 \$4,152 (2007: \$3,020). 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 \$309,478 (2007: \$264,187).

(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 2008

15 RELATED PARTY DISCLOSURES (continued)

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

Dr. Peter Herse is employed by Luxottica Retail Group. Luxottica Retail Group were a sponsor of MD Cinema Project, sponsorship received was \$nil for the year ended 30 June 2008 (2007: \$30,000).

Ms. Elizabeth Carr is employed by Macquarie Group. The Macquarie Group Foundation supports their staff members who sit on Boards and Executive Committees by providing a staff participation grant of \$nil to the community organisations involved for the year ended 30 June 2008 (2007: \$10,000).

Mr. Peter Brown is the director of Bluedesk. Bluedesk received \$41,523 for services rendered for the year ended 30 June 2008 (2007: \$23,195). The Foundation has received these services on terms more favourable to it than Bluedesk's 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 and Alcon totalled \$405,000 for the year ended 30 June 2008 (2007: \$125,000).

Mr. John McCarroll is employed by Goldman Sachs JBWere. Goldman Sachs JBWere provided a donation of \$nil to the Foundation in the year ended 30 June 2008 to aid in translation of resource brochures (2007: \$10,000).

Mr. Paul Rogan made a donation of \$nil to the Foundation in the year ended 30 June 2008 (2007: \$3,000).

Ms. Leslie Lofthouse purchased an office computer from the Foundation during the year ended 30 June 2007. The price paid was \$1,211 which was the written down value in the company's books at the time.

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

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	2008 \$	2007 \$
Income			
Income from fundraising	3(a)	1,743,479	1,330,296
Government grants		473,427	406,500
Income from investments	3(b)	56,537	51,148
Total Income		<u>2,273,443</u>	<u>1,787,944</u>
Expenses			
Education		321,482	590,617
Awareness		551,759	238,785
Support services		320,699	209,629
Representation		69,675	41,587
Cost of providing services		<u>1,263,615</u>	<u>1,080,618</u>
Research		143,105	113,688
Cost of providing services and research		<u>1,406,720</u>	<u>1,194,306</u>
Management		242,783	207,846
Fundraising		121,430	148,060
Total Expenses	3(c), 3(d), 3(e)	<u>1,770,933</u>	<u>1,550,212</u>
Surplus for the year		502,510	237,732
 (a) Gross proceeds from fundraising		1,743,479	1,330,296
Costs of fundraising		(121,430)	(148,060)
Net Surplus obtained from fundraising appeals		<u>1,622,049</u>	<u>1,182,236</u>
 (b) Application of net surplus obtained from fundraising appeals			
Providing services and research		1,406,720	1,182,236
Cost of operations		215,329	-
		<u>1,622,049</u>	<u>1,182,236</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

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

(c) Comparisons of certain monetary figures and percentages	2008		2007	
	\$	%	\$	%
Total cost of fundraising /	121,430	7.0%	148,060	11.1%
Gross income from fundraising	1,743,479		1,330,296	
Net surplus from fundraising /	1,622,049	93.0%	1,182,236	88.9%
Gross income from fundraising	1,743,479		1,330,296	
Total costs of services /	1,649,503	93.1%	1,402,152	90.4%
Total expenditure	1,770,933		1,550,212	
Total costs of services /	1,649,503	72.6%	1,402,152	78.4%
Total income received	2,273,443		1,787,944	

Notes to the Financial Statements (continued)

For the year ended 30 June 2008

17 CORRECTION OF CLASSIFICATION ERRORS

The Company classified investments as held-for-trading in prior year. The Company has revisited this classification and determined the investments should be reclassified as available-for-sale, as the investment portfolio is not acquired for the purpose of selling in the near term. Available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity, rather than recognised in profit or loss in prior year.

The comparatives for 2007 have been restated to reflect the following adjustments:

- Net surplus reduced by \$11,783
- Net unrealised gains reserve increased by \$11,783
- Investment portfolio of \$759,892 was reclassified from held-for-trading investments in current assets to available-for-sale investments in non-current assets.

The 2007 comparative information has been restated for each of the affected financial statement line items for the prior year as indicated below:

	2007 As previously stated \$	Adjustment \$	2007 As restated \$
Income Statement			
Gain on revaluation of investments	11,783	(11,783)	-
Balance Sheet			
Investment in financial assets - held for trading	759,892	(759,892)	-
Total current assets	759,892	(759,892)	-
Available-for-sale investments	-	759,892	759,892
Total non-current assets	-	759,892	759,892
Total assets	759,892	-	759,892
Retained earnings	1,274,454	(11,783)	1,262,671
Net unrealised gains reserve	-	11,783	11,783
Total equity	1,274,454	-	1,274,454

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 2008 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

Sydney
13 October 2008

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 2008;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal, as at 30 June 2008;
- (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 2007 to 30 June 2008; 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

Sydney
13 October 2008

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 2008, 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:

1. the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of Macular Degeneration Foundation Limited at 30 June 2008 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*.

2. the Charitable Collections Act 1991, including:

- (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 2008;
- (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 2008 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
Partner
Sydney
13 October 2008