



Our focus is your vision

Macular Degeneration Foundation Limited

ABN 52 096 255 177

GENERAL PURPOSE FINANCIAL REPORT
For the year ended 30 June 2010

Contents to Financial Report

Chairman and Chief Executive Officer's Report.....	2
Directors' Report	7
Auditor's Independence Declaration	16
Statement of Comprehensive Income.....	17
Statement of Financial Position	18
Statement of Changes in Equity	19
Statement of Cash Flows	21
Notes to the Financial Statements	22
Directors' Declaration	48
Chairman's Declaration	49
Independent Auditor's Report	50

Chairman and Chief Executive Officer's Report

For the year ended 30 June 2010

The 2009/2010 year was another rewarding and exciting one as our reach to the Macular Degeneration (MD) community, and those at risk of the disease, again realised new levels of success to make a real difference.

Indeed, Australia is a world leader in raising awareness of the disease and this is testament to the extraordinary work the Foundation has been able to undertake with the support of the many generous funders, donors, supporters, staff and volunteers.

Our key government grants from NSW Health, the federal Department of Health and Ageing and the Department of Veterans' Affairs once again enabled the Foundation to deliver its comprehensive education sessions. The Foundation's education team travelled the country to ensure that those with or at risk of MD, their family and carers were able to learn more about MD as well as key information about nutrition, treatments and low vision aids and technologies.

The Foundation continued and strengthened its partnership with the eye health professions namely ophthalmology, optometry and orthoptics. We provided vital support and information to their patients, families and carers through the provision of free information kits and publications and via the MD Foundation Helpline with over 18,000 calls being received. We had a continued presence in industry publications and as guest speaker at conferences and professional meetings. The education of optometry students in NSW also provided an important introduction to students on the work of the Foundation. In addition, the Foundation's education and awareness initiatives now increasingly and importantly reach general practitioners (GPs) and pharmacists.

Established in 2001, the MD Foundation is a relatively young organisation, so the ongoing support of our major sponsors Blackmores and Novartis has made it possible for us to deliver our services to the MD community and to have sustainability and certainty in our growth and in implementing our strategic plan.

Our major sponsors once again enabled us to initiate and implement new projects, maintain and improve our existing services and reach new heights in education, awareness and research.

Chairman and Chief Executive Officer's Report (continued)

For the year ended 30 June 2010

Blackmores has been a loyal and consistent supporter and they continue to be outstanding in their support of our work and their commitment to ensuring our key messages are heard by millions of Australians. They have provided millions of dollars since the Foundation's inception and in 2009/10 they contributed \$542,000 to the work of the Foundation.

The support of Novartis enabled the Foundation to continue the national TV and radio campaign with two waves of advertising in July/August 2009 and April/May 2010. This awareness campaign was funded by Novartis through a direct investment of \$2.285 million. This initiative was the major contributor to the extraordinary awareness levels of MD that has Australia as a world leader in raising awareness of this disease.

The Foundation conducts regular Galaxy polls to measure awareness levels. Of those in the at-risk age group aged 50 and over, awareness of MD has increased from 58% (February 2007) to 85% (May 2010). The greatest acceleration in this increase took place as a result of the Novartis funded advertising campaigns. During the advertising period the Foundation also experienced an extraordinary increase in demand for its services including Helpline calls, website hits and requests for information packs.

Several other unique initiatives in 2009/10 also highlighted MD across the country.

MD Awareness Week 2010 was once again a great success which generated huge exposure and a record 20 million media impressions. The distribution of nearly 22,000 kits of materials through a range of outlets was outstanding and included, for the first time, over 9,000 GPs.

The highlight was the launch of MD Awareness Week by Queensland Minister for Disability and Multicultural Affairs the Hon Anastacia Palaszuk in Sydney on 23 May with her very personal story of being diagnosed with the wet form of Macular Degeneration when she was just 34 years of age. The Foundation was greatly appreciative of the Minister sharing her story which received widespread reporting on Australian media - TV, radio and print.

Chairman and Chief Executive Officer's Report (continued)

For the year ended 30 June 2010

The Sydney launch was attended by our wonderful and supportive Patron Ita Buttrose and our founding Director Dr Paul Beaumont, along with people from the MD community, sponsors, supporters and friends.

As part of MD Awareness Week 2010 the Foundation commissioned a national Galaxy poll on symptom recognition. Results concluded that there is an alarming risk that people would be dismissive if they experienced symptoms of MD. The importance of not ignoring symptoms was a key component of the awareness week. The MD Foundation also organised a number of special education events across Australia conducted by leading ophthalmologists, attended by hundreds of interested and appreciative people.

Our sincere thanks go to Novartis, Blackmores, Optometry Association Australia, and bluedesk for their ongoing support which enables the week to be held each year.

Our annual survey of clients reported very high satisfaction with the MD Foundation's services, with 83% giving ratings in the top two ranges. At the top of the MD Foundation's services in terms of helpfulness was the 1800 Helpline, which scored an overall rating of 3.5 out of 5. Ratings for the MD Foundation publications were very high with a mean score of 4.3 out of 5, with 77% of members rating them as either good or excellent.

The Foundation continued to grow its suite of publications with the launch in June 2010 of a new guide, Slips, Trips & Falls – A Guide. This booklet recognises, and aims to reduce, the real risk of falls for those with low vision. Work also commenced on a fourth publication in the guide series titled Low Vision Aids & Technology – A Guide, to be launched in 2010/11.

Representing our clients to government and other agencies to ensure the best outcomes for the MD community was a major focus in 2009/10.

Access to and affordability of treatment is a key aspect of the Foundation's work. The MD Foundation worked tirelessly to lobby the Senate on behalf of the MD community to turn around a situation which would have seen a cap on the maximum Extended Medicare Safety Net rebate for the only approved treatment for wet MD. The Foundation was fearful that patients would exit treatment or fail to take up treatment and risk blindness as result of this action. This was resolved positively for thousands of mostly elderly Australians who are diagnosed each year with the aggressive form of Macular Degeneration known as 'wet' MD and require this treatment to give them the best chance of saving sight.

Chairman and Chief Executive Officer's Report (continued)

For the year ended 30 June 2010

The Minister for Health and Ageing, the Hon Nicola Roxon, acknowledged the very important role the Macular Degeneration Foundation played in securing a positive outcome for the MD community.

The Foundation expanded its Navigator audio book project with the launch of the Navigator Home Access Program whereby users are able to download books and newspapers directly from their computers onto their audio book device. Over 100 people were signed up to this new program. This initiative, along with other client services, is generously supported by the Profield Foundation for which we are very grateful.

The MD Foundation also represents the Australian MD community on the world stage via a position on the executive of AMD Alliance International and Chair of the AMD Alliance Low Vision Committee.

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 go 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.

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, Royal Australian and New Zealand College of Ophthalmology and Optometrists Association Australia. 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. Thank you to all our volunteers including our corporate friends Suncorp and ANZ for supporting our volunteer work. We extend a special thank you to Ernst & Young who so generously give their time and expertise as our auditors.

Chairman and Chief Executive Officer's Report (continued)

For the year ended 30 June 2010

To all supporters who contribute in so many ways to ensure the ongoing fulfilment of our vision, and especially to those who made generous donations to ensure our services can continue, your contribution is highly valued and appreciated.

No successful 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 and encouragement.

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 2010.

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
Prof Jill Keeffe - PhD, OAM
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 Board Member of the Kokoda Track Foundation, Council member of Kambala Anglican School for Girls, and a council member of the Harvard Club of Australia.

Directors' Report (continued)

DIRECTORS (continued)

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. He has had a particular interest in nutritional epidemiology and 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.

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.

Directors' Report (continued)

DIRECTORS (continued)

Prof Jill Keeffe - PhD, OAM

Professor Jill Keeffe PhD, OAM is Head of the Centre for Eye Research Australia (CERA) Population Health Unit at the University of Melbourne and is also the Director of the World Health Organisation Collaborating Centre for the Prevention of Blindness at CERA. She was awarded the Order of Australia Medal for “services to public health particularly in the area of vision testing and as a contributor to the advancement of eye care education and practice”.

Professor Keeffe describes her work as translating research to provide evidence for best practice in eye care and low vision services. A recent focus is in health services research and assessing the establishment and outcomes of innovative models of eye care.

She 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.

John McCarroll - B.Ec, GAICD

John McCarroll is a Director at JB Were Ltd - Private Wealth Management. John has more than 29 years experience in the 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 fund raising functions each year. The proceeds are distributed to ten charities.

John holds a Bachelor of Economics from Monash University (Vic) and is 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 23 years in private legal practice. He has been a frequent speaker at international industry and professional conferences. 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.

Peter served as the inaugural Chairman of the Governance Committee of the MD Foundation before it was incorporated into the current Audit and Risk Committee on which he now serves. He also serves on the Client Services Committee.

Directors' Report (continued)

DIRECTORS (continued)

Paul Rogan - BBus, FCPA, AICD

Paul Rogan is a senior executive with more than twenty years experience in the financial services sector both in Australia and the 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.

Paul is Chairman of both the Audit and Risk Committee & the Research Committee for the MD Foundation.

Dr. Jim Runciman - FRACS, FRANZCO, FAAO

Dr Jim Runciman is a fellow and past state chairman 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 SA since 1995 and is a consultant to Ellex. A&D.

Dr Runciman is the South Australian State Chairman for the MD Foundation.

Suellen Tapsall - BA, MA, FAIM

Suellen Tapsall is the Director of the AIM UWA Business School Alliance. In that role she has extensive experience successfully and effectively insuring that Executive Education Programs and services are delivered to Public and Private Sector organisations in Western Australia, interstate and overseas.

Suellen was formally the Associate Executive Dean of the Division of Arts at Murdoch University, a position which followed several decades in journalism and corporate communication. Suellen is a former national president of the Journalism Education Association and has co-authored several books and major reports.

Suellen is Chairman of the Client Services Committee for the MD Foundation and the Western Australian State Chair.

Directors' Report (continued)

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 mission of the Macular Degeneration Foundation is to reduce the incidence and impact of macular degeneration (MD) in Australia. This is achieved through education, awareness, research, support and representation. Further details of operations during the year are included in the Chairman and CEO report.

SHORT AND LONG TERM OBJECTIVES

The short term objectives are to improve the awareness and understanding of MD amongst MD patients, the general public, health care professionals and government; to support the MD community via the provision of support services and by advocating on their behalf to help improve quality of life; and by conducting research to help better understand the MD experience.

Directors' Report (continued)

SHORT AND LONG TERM OBJECTIVES (continued)

The long term objectives are to continue to provide services to the MD community as long as they are required; to contribute research funds to “funding reasons, finding answers” for MD; and in the distant future a cure and/or effective treatment for the disease may mean that the work of the Foundation is no longer required.

STRATEGY

The strategy to achieve the Foundation’s objectives include: to secure funding from a variety of sources in order to deliver its services to the MD community; to identify areas of need and develop programs or products to address these; to build upon the research reserve funds in order to fund research programs.

PERFORMANCE MEASUREMENT

The Foundation will continue to evaluate its programs in order to assess their effectiveness and to guide future initiatives. This is done in a number of ways including: evaluating financial performance; employing external agencies to measure awareness levels; providing evaluation forms to users of its services and analysing and reporting on those results; capturing and analysing information recorded on the database.

OPERATING AND FINANCIAL REVIEW

In the year ended 30 June 2010 the Foundation secured funding in order to successfully deliver a wide range of initiatives across its five key areas of activity. More details can be found in the Chairman and CEO report.

OPERATING RESULTS FOR THE YEAR

The net surplus of the Company for the year ended 30 June 2010 was \$711,913 (2009: \$275,259). The net surplus for the year includes losses from restricted cash activities attributable to corporate sponsorship commitments not completed at balance date of \$10,311 (2009: income of \$0). 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.

Directors' Report (continued)

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.

SHARE OPTIONS

No option to shares in the Company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this 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 or constitution prohibits the distribution of its 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 2010 the Company had 19 members (2009: 18 members).

Directors' Report (continued)

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

Directors' Report (continued)

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 (2009: \$4,235).

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 16 of the report.

Signed in accordance with a resolution of the directors.

Elizabeth Carr - BA (Hons), MPA
Chairman

Perth

_____ 2010

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 2010, 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

Kathy Parsons
Partner
_____ 2010

Statement of Comprehensive Income

For the year ended 30 June 2010

	<i>Notes</i>	<i>2010</i> \$	<i>2009</i> \$
Donations / fundraising	3(a)	1,774,556	1,656,405
Government grants		767,921	468,600
Sale of products		53,964	18,071
Revenue		2,596,441	2,143,076
Cost of sales		(24,643)	-
Gross profit		2,571,798	2,143,076
Other income	3(b)	112,447	82,590
Employee benefits expense	3(c)	(966,557)	(872,110)
Depreciation expense	3(d)	(28,725)	(31,219)
Other expenses	3(e)	(977,050)	(1,047,078)
Surplus before income tax		711,913	275,259
Income tax expense	2(j)	-	-
Net surplus for the year		711,913	275,259
Other comprehensive income			
Net fair value gains/(losses) on available-for-sale financial assets		29,838	(18,158)
Reversal of loss on available-for-sale investment already recognised in reserves at 30 June 2008 and disposed of during 2009		-	74,665
Other comprehensive income for the year		29,838	56,507
Total comprehensive income for the period		741,751	331,766

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2010

	Notes	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,534,402	1,382,430
Grants, sponsorship, donations and other receivables	5	286,339	174,430
Inventories	6	2,476	1,944
Prepayments		13,624	11,984
Total Current Assets		1,836,841	1,570,788
Non-current Assets			
Available-for-sale investments	7	1,170,644	623,584
Property, plant and equipment	8	33,161	51,215
Total Non-current Assets		1,203,805	674,799
TOTAL ASSETS		3,040,646	2,245,587
LIABILITIES			
Current Liabilities			
Trade and other payables	9	276,422	223,114
Total Current Liabilities		276,422	223,114
Non-current Liabilities			
Provision	10	10,000	10,000
Total Non-current Liabilities		10,000	10,000
TOTAL LIABILITIES		286,422	233,114
NET ASSETS		2,754,224	2,012,473
EQUITY			
Retained earnings		2,752,353	2,040,440
Reserves		1,871	(27,967)
TOTAL EQUITY		2,754,224	2,012,473

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2010

	<i>Surplus funds</i>	<i>Restricted cash funds (a)</i>	<i>Research reserve (b)</i>	<i>Retained earnings</i>	<i>Net unrealised gains reserve</i>	<i>Total equity</i>
	\$	\$	\$	\$	\$	\$
At 1 July 2008	1,232,886	132,295	400,000	1,765,181	(84,474)	1,680,707
Income received in the year	-	1,270,239	-	1,270,239	-	1,270,239
Cash spent in the year	-	(1,249,022)	-	(1,249,022)	-	(1,249,022)
Surplus for the year	54,042	-	200,000	254,042	-	254,042
Other comprehensive income	-	-	-	-	56,507	56,507
Total comprehensive income for the year	54,042	21,217	200,000	275,259	56,507	331,766
At 30 June 2009	1,286,928	153,512	600,000	2,040,440	(27,967)	2,012,473
Income received in the year	-	1,560,911	-	1,560,911	-	1,560,911
Cash spent in the year	-	(1,571,222)	-	(1,571,222)	-	(1,571,222)
Surplus/(loss) for the year	222,224	-	500,000	722,224	-	722,224
Other comprehensive income	-	-	-	-	29,838	29,838
Total comprehensive income/(loss) for the year	222,224	(10,311)	500,000	711,913	29,838	741,751
At 30 June 2010	1,509,152	143,201	1,100,000	2,752,353	1,871	2,754,224

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Changes in Equity (continued)

For the year ended 30 June 2010

(a) Restricted cash funds

This is corporate sponsorship funds set aside for specific projects which have not 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.

Statement of Cash Flows

For the year ended 30 June 2010

	<i>Notes</i>	<i>2010</i>	<i>2009</i>
		\$	\$
Cash flows from operating activities			
Receipts from donations		1,689,237	1,742,918
Receipts from customers		59,360	19,878
Payments to suppliers and employees		(1,981,331)	(1,773,485)
Receipt of government grants		844,713	468,600
Interest received		39,338	51,912
Net cash flows from operating activities	4	<u>651,318</u>	<u>509,823</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,671)	(2,626)
Investment income received		46,519	6,426
Purchase of available-for-sale investments		(535,194)	-
Net cash flows (used in)/from investing activities		<u>(499,346)</u>	<u>3,800</u>
Cash flows from financing activities			
Net cash flows from/(used in) financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		151,972	513,623
Cash and cash equivalents at beginning of year		1,382,430	868,807
Cash and cash equivalents at end of year	4	<u><u>1,534,402</u></u>	<u><u>1,382,430</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2010

1 CORPORATE INFORMATION

The financial report of Macular Degeneration Foundation Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on _____ 2010.

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.

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*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Compliance with IFRS

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.

(c) New accounting standards and interpretations

(i) *Changes in accounting policy and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) New accounting standards and interpretations (continued)

(i) Changes in accounting policy and disclosures (continued)

• AASB 7 Financial Instruments: Disclosures

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 11. The liquidity risk disclosures are not significantly impacted by the amendments and are also presented in note 11.

• AASB 101 Presentation of Financial Statements (revised 2007)

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present one statement.

(ii) Accounting standards and interpretations issued but not yet effective

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 2010. 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.

(d) 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 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(i) Significant accounting judgements

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 provision

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 10.

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.

(e) 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 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition (continued)

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.

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. 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.

(f) 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases (continued)

Company as a lessee

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

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position 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 statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) 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 impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(k) 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 statement of financial position.

Cash flows are included in the statement of cash flows 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.

(l) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment (continued)

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 statement of comprehensive income in the year the asset is derecognised.

(m) 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 or originated. 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 i.e. 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Investments and other financial assets (continued)

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets, principally comprising equity and fixed income 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 reporting 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.

(n) 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. External factors, such as changes in expected future processes, technology and economic conditions, are monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They 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.

(p) 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.

(q) 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 2010

	2010 \$	2009 \$
3 REVENUE AND EXPENSES		
(a) Donations/Fundraising		
Corporate Donations	541,840	505,159
Newsletter Donations	211,052	204,329
Other Donations	158,954	130,278
Corporate Sponsorships	792,990	801,639
Bequests	69,720	15,000
Total donations/fundraising Income	<u>1,774,556</u>	<u>1,656,405</u>
(b) Other income		
Bank interest received	49,338	51,912
Income on investments	63,109	30,678
Total other income	<u>112,447</u>	<u>82,590</u>
(c) Employee benefits expense		
Wages and salaries	759,038	756,310
Workers' compensation costs	4,424	5,947
Defined contribution plan expense	53,320	58,496
Annual leave	8,670	2,292
Other staff costs	141,105	49,065
Total employee benefits expense	<u>966,557</u>	<u>872,110</u>
(d) Depreciation expense		
Depreciation of non-current assets		
Plant and equipment	28,725	31,219
Total depreciation expense	<u>28,725</u>	<u>31,219</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

	2010 \$	2009 \$
3 REVENUE AND EXPENSES (continued)		
(e) Other expenses		
Education and prevention programmes	537,672	676,677
Research expense	103,213	12,188
Communication expense	65,258	55,470
Repairs and maintenance	27,898	24,826
Rental expense	70,847	69,441
Insurance	15,185	12,302
Administration expense	71,742	49,433
Property and equipment cost	65,600	16,684
Loss on disposal of investments	17,972	129,702
Sundry expenses	1,663	355
Total other expenses	<u>977,050</u>	<u>1,047,078</u>

4 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,030,128	1,373,374
Short-term deposits	504,274	9,056
	<u>1,534,402</u>	<u>1,382,430</u>

Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise of the above.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

	2010 \$	2009 \$
4 CASH AND CASH EQUIVALENTS (continued)		
Reconciliation from the net surplus after tax to the net cash flows from operations		
Net surplus	711,913	275,259
<i>Adjustments for:</i>		
Depreciation	28,725	31,219
Income on investments	(63,109)	(30,678)
Loss on disposal of investment in financial assets	17,972	129,702
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(95,319)	88,320
(Increase) in inventory	(532)	(1,944)
(Increase) in prepayments	(1,640)	(2,219)
Increase in trade and other creditors	53,308	20,164
Net cash flows from operating activities	<u>651,318</u>	<u>509,823</u>

5 GRANTS, SPONSORSHIP, DONATIONS AND OTHER RECEIVABLES

Grants/Corporate sponsorship receivable	87,945	-
Donations/Corporate donations receivable	140,285	168,022
Other receivables	58,109	6,408
Carrying amount of grants, sponsorships, donations and other receivables	<u>286,339</u>	<u>174,430</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 (2009: \$nil).

At 30 June, the ageing analysis of trade receivables is as follows:

< 30 days	86,875	166,768
30 - 60 days	1,070	-
Total	<u>87,945</u>	<u>166,768</u>

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 2010

	2010 \$	2009 \$
5 GRANTS, SPONSORSHIP, DONATIONS AND OTHER RECEIVABLES (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 11.

6 INVENTORIES

Finished goods

At cost	2,476	1,944
Total inventory at the lower of cost & net realisable value	<u>2,476</u>	<u>1,944</u>

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

At Fair Value

Investment portfolio	1,170,644	623,584
	<u>1,170,644</u>	<u>623,584</u>

The Company has an investment portfolio comprising of securities listed on the Australian Stock Exchange, other managed funds, fixed income securities and bank bills, diversified across a number of asset classes. The fair value of the investment portfolio has been independently determined by reference to published price quotations in active markets. The investment portfolio is independently managed by an investment management firm.

8 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment

At cost	157,833	147,162
Accumulated depreciation	<u>(124,672)</u>	<u>(95,947)</u>
Net carrying amount	<u>33,161</u>	<u>51,215</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

	2010 \$	2009 \$
8 PROPERTY, PLANT AND EQUIPMENT (continued)		
Movement in property, plant and equipment		
Plant and equipment		
Balance at the beginning of the year		
At cost	147,162	144,536
Accumulated depreciation	(95,947)	(64,728)
Net carrying amount	51,215	79,808
Additions	10,671	2,626
Depreciation charge for the year	(28,725)	(31,219)
Balance at the end of the year - net carrying amount	33,161	51,215

No property, plant or equipment is pledged as security for liabilities at the reporting date (2009: none).

9 TRADE AND OTHER PAYABLES (CURRENT)

Trade creditors	125,130	50,818
Other creditors	110,532	94,189
GST payable	9,322	45,277
Annual leave accrued	31,438	32,830
	<u>276,422</u>	<u>223,114</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 creditors

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

(c) Other creditors

Other creditors 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 11.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

	2010 \$	2009 \$
10 PROVISION		
Non-current		
Make-good - leased premises	10,000	10,000
	<u>10,000</u>	<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 is held 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 2010

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables, investments, 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 price 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.

Price 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

Risk Exposures and Responses

(a) Interest rate risk

The Company's exposure to market interest rates relates primarily to cash and cash equivalents balances.

At balance date, the Company had the following financial assets exposed to Australian variable interest rate risk:

	2010 \$	2009 \$
Financial Assets		
Cash and cash equivalents	1,216,266	1,382,430
Net exposure	1,216,266	1,382,430

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 sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the interest income for one year, based on the floating rate financial assets held at 30 June 2010.

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, surplus would have been affected as follows:

Judgements of reasonably possible movements:

	Higher/(Lower) 2010 \$	2009 \$
Surplus		
+0.5%	6,081	5,430
- 0.5%	(6,081)	(5,430)

There is no sensitivity effect on 'other comprehensive income' as the Company has no assets classified as 'available for sale' which are subject to variable interest rate risk and no assets classified as designated hedging instruments.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

(a) Interest rate risk (continued)

The movements in surplus and equity are due to higher/lower interest income from variable rate cash balances. The sensitivity is lower in 2010 than in 2009 because of an decrease in average cash balances subject to interest rate fluctuations.

(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 profit risk of the portfolio securities is material in terms of a possible impact on profit and loss or other comprehensive income as shown in the sensitivity analysis below.

At 30 June 2010, if market equity prices had moved, as illustrated in the table below, with all other variables held constant, surplus and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements:

	<i>Higher/(Lower)</i>	
	<i>2010</i>	<i>2009</i>
	<i>\$</i>	<i>\$</i>
Surplus		
+10%	-	-
-10%	-	-
Other comprehensive income		
+10%	113,683	57,981
- 10%	(113,683)	(57,981)

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

11 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.

(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 table below reflects all contractually fixed pay-offs resulting from financial liabilities as at 30 June 2010. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

(d) Liquidity risk (continued)

The remaining contractual maturities of the Company's financial liabilities based on management's expectation are as follows:

	≤6 months	6-12 months	1-5 years	Total
	\$	\$	\$	\$
Year ended 30 June 2010				
Financial liabilities				
Trade and other payables	276,422	-	-	276,422
	276,422	-	-	276,422
Year ended 30 June 2009				
Financial liabilities				
Trade and other payables	223,114	-	-	223,114
	223,114	-	-	223,114

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

(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 \$500,000 (2009: \$200,000) for future Research projects. These provisions are categorised as "Research Reserve" in the Statement of Changes in Equity on page 19.

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 is included in the net surplus for the year. At 30 June 2010 there were outstanding commitments which had yet to be undertaken in respect of these sponsorships amounting to \$143,201 (2009: \$153,152). These commitments, which are expected to be completed within the year ending 30 June 2011, are categorised as "Restricted Cash Funds" in the Statement of Changes in Equity on page 19.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

(f) Fair value

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	30 June 2010			
	Valued at Quoted market price (Level 1) \$	Valuation technique- market observable inputs (Level 2) \$	Valuation technique- non-market observable inputs (Level 3) \$	Total \$
Financial assets				
<i>Available-for-sale investments</i>				
Investment portfolio	1,170,644	-	-	1,170,644
	<u>1,170,644</u>	<u>-</u>	<u>-</u>	<u>1,170,644</u>

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the portfolio has been independently determined by reference to published price quotations in active markets.

Comparative information has not been provided as permitted by the transitional provisions of the accounting standard.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

12 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:

	2010 \$	2009 \$
Within one year	72,913	72,913
After one year but not more than five years	109,105	109,104
	<u>182,018</u>	<u>182,017</u>

(b) Contingencies

Guarantee

The Company has arranged a guarantee facility of \$9,056 (2009: \$9,056) with National Australia Bank Limited for the rental of the office.

13 EVENTS AFTER BALANCE 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.

14 AUDITORS' REMUNERATION

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

	2010 \$	2009 \$
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>		
• an audit 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

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
Prof Jill Keeffe
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) (resigned: 1 March 2010)
Monique Ryan (Marketing & Fundraising Manager) (resigned: 29 January 2010)

(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 in relation to Association Liability Insurance of \$4,235 (2009: \$4,235). 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 \$475,275 (2009: \$415,176).

(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 2010

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 \$7,650 for services rendered for the year ended 30 June 2010 (2009: \$14,650). 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 Age-related Macular Degeneration from Novartis and Blackmores and has been conducting research and running controlled trials on Age-related Macular Degeneration 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 \$457,000 for the year ended 30 June 2010 (2009: \$497,000).

Mr John McCarroll is employed by JBWere Ltd. Since August 2008 JBWere have managed the Foundation's investment portfolio. JBWere provided a donation of \$nil in the year ended 30 June 2010 (2009: \$20,000). Mr McCarroll is also a Director of the Australian Stockbrokers Foundation. The Australian Stockbrokers Foundation provided donations of \$nil for the year ended 30 June 2010 (2009: \$10,000). Mr John McCarroll made a donation of \$nil to the Foundation in the year ended 30 June 2009 (2009: \$100).

Mr Peter Reid made a donation of \$500 to the Foundation in the year ended 30 June 2010 (2009: \$500).

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

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	2010 \$	2009 \$
Income			
Income from fundraising	3(a)	1,774,556	1,656,405
Government grants		767,921	468,600
Income from investments	3(b)	112,447	82,590
Sale of products		53,964	18,071
Total Income		2,708,888	2,225,666
Expenses			
Education		306,404	478,661
Awareness		472,565	641,384
Support services		429,278	245,268
Representation		54,806	31,890
Cost of providing services		1,263,053	1,397,203
Research		208,530	106,811
Cost of providing services and research		1,471,583	1,504,014
Management		373,127	348,288
Fundraising		152,265	98,105
Total Expenses	3(c), 3(d), 3(e)	1,996,975	1,950,407
Surplus for the year		711,913	275,259
(a) Gross proceeds from fundraising		1,774,556	1,656,405
Costs of fundraising		(152,265)	(98,105)
Net Surplus obtained from fundraising appeals		1,622,291	1,558,300
(b) Application of net surplus obtained from fundraising appeals			
Providing services and research		1,471,583	1,504,014
Cost of operations		150,708	54,286
		1,622,291	1,558,300

Notes to the Financial Statements (continued)

For the year ended 30 June 2010

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

(c) Comparisons of certain monetary figures and percentages	2010		2009	
	\$	%	\$	%
Total cost of fundraising / Gross income from fundraising	<u>152,265</u> 1,774,556	8.6%	<u>98,105</u> 1,656,405	5.9%
Net surplus from fundraising / Gross income from fundraising	<u>1,622,291</u> 1,774,556	91.4%	<u>1,558,300</u> 1,656,405	94.1%
Total costs of services / Total expenditure	<u>1,844,710</u> 1,972,332	93.5%	<u>1,852,302</u> 1,950,407	95.0%
Total costs of services / Total income received	<u>1,844,710</u> 2,708,888	68.1%	<u>1,852,302</u> 2,225,666	83.2%

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 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 2010 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*;
- (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

_____ 2010

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 2010;
- (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 2010;
- (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 2009 to 30 June 2010; 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

_____ 2010