



Our focus is your vision

Macular Degeneration Foundation Limited

ABN 52 096 255 177

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2007

Contents to Financial Report

Chairman and Chief Executive Officer's Report.....	2
Directors' Report	4
Auditor's Independence Declaration	12
Income Statement	13
Balance Sheet	14
Statement of Changes in Equity	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Directors' Declaration	36
Chairman's Declaration	37
Independent Audit Report	38

MACULAR DEGENERATION FOUNDATION LIMITED

Chairman and Chief Executive Officers' Report

For the year ended 30 June 2007

The 2007 Financial year continued to see the Foundation's objectives realised and to move closer to reducing the incidence and impact of Macular Degeneration (MD) in Australia.

This year the Foundation consolidated and improved existing programs and expanded into new areas.

Over eight thousand people attended education sessions this year with a strong emphasis on visits to country areas to ensure people living in regional Australia had the opportunity to have face to face contact with the Foundation.

The MD Awareness Week 2007 was held from 25 June – 1 July 2007. The week was a great success with extensive media coverage and the establishment of a new relationship with the National RSL. Information and materials were sent Australia-wide to Optometrists, Ophthalmologists, Orthoptists, Parliamentarians, Health Care Professionals, Pharmacies, RSL branches and sub branches, War Widows Guild of Australia, Legacy and NSW Libraries.

One of the key areas of growth is our website with over 72,000 visits in 2005/06 growing 83% to over 132,000 this year. This highlights the impact of the awareness programs and the website becoming the information source of choice. It is possible the younger, more information technology based population is enquiring about MD as our awareness campaigns increase in effectiveness. It highlights the importance of investing in the website and implementing donations online.

This year two fundraising dinners were held with the major one being the highlight of the MD Awareness Week bringing together supporters, partners, sponsors and the eye care industry.

Special major projects undertaken throughout the year promoted key messages on Macular Degeneration including the screening of a Community Service Announcement in cinemas across Australia. Our thanks go to Luxottica Retail Group and the AMD Alliance International for their support of this project.

During AMD Alliance Week 2006 September 18 to 24, 2006 the Foundation took part in a global outreach campaign, joining forces with beyondblue, to highlight the significance of depression and the little-known psychological effects of AMD.

MACULAR DEGENERATION FOUNDATION LIMITED

Chairman and Chief Executive Officers' Report (Continued)

For the year ended 30 June 2007

Our Governance processes continue to be strengthened. As the Foundation grows, risk increases and processes, risk management and in-built checking mechanisms become even more important. 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.

The generosity and support from our supporters and partners was again outstanding, with the inclusion of the Vincent Fairfax Family Foundation, the Profield Foundation and local libraries throughout NSW enabling the implementation of the Navigator Library Access Project.

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.

The Foundation appreciates and thanks our donors, supporters, partners and sponsors including the NSW and Federal Governments, Novartis Ophthalmic, Blackmores, Allergan, Quantum Technology, HumanWare, Alcon, Macquarie Bank, Optometrists Association Australia, Royal Australian and New Zealand College of Ophthalmology, Luxottica Retail Group, Vincent Fairfax Family Foundation, Profield Foundation, Vision 2020, Mallesons Stephen Jaques, Bluedesk and Goldman Sachs JBWere. A special thanks to all of the low vision service providers across Australia, other Foundations and Associations, with whom we work closely to deliver comprehensive services for clients.

Thank you again to Ernst and 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.

Julie Heraghty
Chief Executive Officer

Elizabeth Carr
Chairman

Directors' Report

Your directors submit their report for the year ended 30 June 2007.

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)	(Appointed: 20 October 2006)
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	
Leslie Lofthouse - FAICD	(Resigned: 13 October 2006)

Elizabeth Carr - BA (Hons) (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 and Finance Industries. Elizabeth has a passionate interest in the growing inter-dependence of the private, public and community (people) sectors and undertook a Masters degree at Harvard University, focusing on issues of governance, accountability and strategic policy in this area.

Elizabeth is also a Council Member of Kambala Anglican School for Girls and Honorary Vice-President of the International Management Organisation.

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.

Directors' Report (Continued)

Dr. Paul Beaumont - FRACS, FRANZCO (Continued)

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.

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.

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 (Continued)

Dr. Peter Herse - DipAppSc, PhD, FAAO

Dr. Peter Herse has 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 is a consultant optometrist for Vision Australia and a member of the International Society for Low Vision Research and Rehabilitation. 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 for the MD Foundation.

John McCarroll - B.Ec, SDIAM

John is a Director with Goldman Sachs JB Were Private Wealth Management division. John has more than twenty seven years experience in the Australian Finance industry both in Australia and Europe. John is a Director of the Australian Stockbrokers Foundation. The Foundation 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 1970 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 specialising in energy and resources law. He has been a frequent speaker at international conferences and was voted by his colleagues as one of the world's leading resources lawyer in 2002, 2004 and 2007. In 2004 he established his own legal practice, Energy and Resources Lawyers Pty Ltd.

He also serves as a member of the Centennial Park Consultative Committee and is an Area Co-ordinator for Neighbourhood Watch.

Mr. Reid served as Chairman of the Governance Committee for the MD Foundation.

Directors' Report (Continued)

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 (Continued)

Leslie Lofthouse - FAICD

(Past-Chairman)

Leslie Lofthouse is currently Chairman of Job Futures and Adept Executives. She has had a long and successful career in the Travel industry, during which time she was CEO and Deputy Chairman of ITG and served on many Industry Advisory Boards. In 2000, Leslie was inducted into the Businesswomen's Hall of Fame, an initiative of the Australian Businesswomen's Network which celebrates the achievements of Australia's inspiring business women.

Leslie was a Director of Australian Federation of Travel Agents (AFTA), SpineCare Foundation and United Travel Agents Group (UTAG). She founded and publicly floated the Internet Travel Group, now part of Flight Centre.

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 including Education and Training; and Infrastructure, Planning and Natural Resources.

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 of the Company is, Level 3, 447 Kent Street, Sydney, NSW 2000.

The Company employed 9 employees at 30 June 2007 (2006: 8 employees).

Directors' Report (Continued)

PRINCIPAL ACTIVITIES

The principal activities of the Foundation is to reduce the incidence and impact of Macular Degeneration in Australia. This includes the education and support of Macular Degeneration patients, their carers and general health and eye-care professionals. There have been no significant changes in the nature of those activities during the year.

OPERATING AND FINANCIAL REVIEW

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

OPERATING RESULTS FOR THE YEAR

The net profit of the Company for the year ended 30 June 2007 was \$249,515 (2006: \$371,931). 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 year one of the Foundation's strategic plan, titled *Work and Beyond* and preparation for Year 2 titled *Blindness is the Same in Any Language*.

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 (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 & Finance Committee		Client Services Committee		Governance Committee		Medical Committee		Audit & Risk 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	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend
Elizabeth Carr	2	2	2	2	2	2	2	2	2	2	2	2
Dr Paul Beaumont	2	4	-	-	-	-	-	-	4	4	-	-
Peter Brown	4	4	-	-	5	5	-	-	-	-	-	-
Ashley Chapman	3	4	5	5	4	5	-	-	-	-	2	2
Barry Clarke	3	4	-	-	5	5	-	-	-	-	-	-
Dr Peter Herse	2	4	-	-	5	5	-	-	-	-	-	-
John McCarroll	3	4	-	-	-	-	-	-	-	-	-	-
Peter Reid	3	4	-	-	3	5	3	3	-	-	2	2
Paul Rogan	2	4	5	5	-	-	2	3	-	-	1	2
Dr Jim Runciman	3	4	-	-	-	-	-	-	2	4	-	-
Suellen Tapsall	3	4	-	-	5	5	-	-	-	-	-	-
Leslie Lofthouse	1	1	3	3	-	-	1	1	-	-	-	-

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 \$3,020 (2006: \$5,615). This amount is included as part of the directors remuneration.

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 12 of the report.

Signed in accordance with a resolution of the directors.

Elizabeth Carr - BA (Hons)
Director

Sydney
14 September 2007

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 2007, 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
14 September 2007

Income Statement

For the year ended 30 June 2007

	<i>Notes</i>	<i>2007</i>	<i>2006</i>
		\$	\$
Donations / fundraising	3(a)	1,330,296	1,092,365
Government grants		406,500	394,600
Finance revenue	3(b)	62,931	41,076
Revenue		<u>1,799,727</u>	<u>1,528,041</u>
Employee benefits expense	3(c)	(644,413)	(596,308)
Depreciation expense	3(d)	(28,987)	(15,786)
Other expenses	3(e)	(876,812)	(544,016)
Profit before income tax		<u>249,515</u>	<u>371,931</u>
Income tax (expense)/benefit		-	-
Net profit for the year		<u><u>249,515</u></u>	<u><u>371,931</u></u>

Balance Sheet

As at 30 June 2007

	Notes	2007 \$	2006 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	583,932	986,169
Trade and other receivables	5	107,634	146,345
Prepayments	6	-	8,830
Investment in financial assets - held for trading	7	759,892	-
Total Current Assets		1,451,458	1,141,344
Non-current Assets			
Property, plant and equipment	8	77,956	47,620
Total Non-current Assets		77,956	47,620
TOTAL ASSETS		1,529,414	1,188,964
LIABILITIES			
Current Liabilities			
Trade and other payables	9	244,960	164,025
Total Current Liabilities		244,960	164,025
Non-current Liabilities			
Provisions	10	10,000	-
Total Non-current Liabilities		10,000	-
TOTAL LIABILITIES		254,960	164,025
NET ASSETS		1,274,454	1,024,939
EQUITY			
Retained earnings		1,274,454	1,024,939
TOTAL EQUITY		1,274,454	1,024,939

Statement of Changes in Equity

For the year ended 30 June 2007

	<i>Retained earnings \$</i>
At 1 July 2005	653,008
Profit for the year	<u>371,931</u>
Total recognised income and expense for the year	<u>371,931</u>
At 30 June 2006	1,024,939
Profit for the year	<u>249,515</u>
Total recognised income and expense for the year	<u>249,515</u>
At 30 June 2007	<u><u>1,274,454</u></u>

The directors have decided to allocate a portion of the net surplus for the year to undertake research activities in the future as follows:

Balance allocated at 1 July 2006	100,000
Allocation from current year profit	<u>150,000</u>
Surplus set aside for research activities at 30 June 2007	<u><u>250,000</u></u>

Cash Flow Statement

For the year ended 30 June 2007

	<i>Notes</i>	<i>2007</i> \$	<i>2006</i> \$
Cash flows from operating activities			
Receipts from donations		1,369,007	1,060,492
Payments to suppliers and employees		(1,427,159)	(1,129,310)
Receipt of government grants		406,500	394,600
Interest received		51,148	41,076
Net cash flows from operating activities	4	399,496	366,858
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,213	-
Purchase of property, plant and equipment		(54,837)	(34,939)
Purchase of other financial assets		(748,109)	-
Net cash flows used in investing activities		(801,733)	(34,939)
Cash flows from financing activities			
Net cash flows from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(402,237)	331,919
Cash and cash equivalents at beginning of year		986,169	654,250
Cash and cash equivalents at end of year	4	583,932	986,169

Notes to the Financial Statements

For the year ended 30 June 2007

1 CORPORATE INFORMATION

The financial report of Macular Degeneration Foundation Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 14 September 2007.

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 2007 the Company had 17 members (2006: 11 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 2007

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 & Equipment, AASB 136 Impairment of Assets and AASB 1004 Contributions.

Certain Australian Accounting Standards and UIG 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 2007. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations.

(c) Significant accounting judgements, estimates and assumptions

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

(i) Significant accounting judgments

Classification of and valuation of other financial assets

The Company has decided to classify investments in financial assets as 'held for trading' investments and movements in fair value are recognised directly in the income statement.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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 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.

(d) Revenue recognition

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

Donations and fundraising

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

Government grants

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

(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.

(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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

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 at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near to medium term with the intention of making a profit. Gains or losses on investments held for trading are recognised in profit or loss.

(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 other than goodwill 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 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 2007

	2007 \$	2006 \$
3 REVENUE AND EXPENSES		
(a) Donations/Fundraising		
Corporate Donations	362,807	346,507
Newsletter Donations	141,520	110,577
Other Donations	225,257	102,603
Corporate Sponsorships	540,712	532,678
Bequests	60,000	-
Total Donations/Fundraising Income	<u>1,330,296</u>	<u>1,092,365</u>
(b) Finance revenue		
Bank interest received/receivable	51,148	41,076
Income from other financial assets	11,783	-
Total finance income	<u>62,931</u>	<u>41,076</u>
(c) Employee benefits expense		
Wages and salaries	496,642	469,700
Workers' compensation costs	10,350	3,937
Defined contribution plan expense	41,594	36,598
Annual leave	2,772	9,120
Other staff costs	93,055	76,953
Total employee benefits expense	<u>644,413</u>	<u>596,308</u>
(d) Depreciation expense		
Depreciation of non-current assets		
Plant and equipment	<u>28,987</u>	<u>15,786</u>
Total depreciation expense	<u>28,987</u>	<u>15,786</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$	2006 \$
3 REVENUE AND EXPENSES (continued)		
(e) Other expenses		
Communication expense	48,084	43,414
Research expense	16,778	33,524
Repairs and maintenance	12,957	12,689
Rental expense	63,412	52,162
Insurance	11,760	15,388
Administration expense	121,559	45,520
Property and equipment cost	15,718	5,522
Education and prevention program	355,991	282,980
Service and welfare - helpline	5,968	4,998
Patient aids	136,950	-
Marketing and fundraising expense	83,334	47,819
Loss on disposal of property, plant and equipment	4,301	-
Total other expenses	<u>876,812</u>	<u>544,016</u>

4 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	573,074	986,169
Short-term deposits	10,858	-
	<u>583,932</u>	<u>986,169</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	573,074	986,169
Short-term deposits	10,858	-
	<u>583,932</u>	<u>986,169</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$	2006 \$
4 CASH AND CASH EQUIVALENTS (continued)		
Reconciliation from the net profit after tax to the net cash flows from operations		
Net profit	249,515	371,931
<i>Adjustments for:</i>		
Depreciation	28,987	15,786
Net loss on disposal of property, plant and equipment	4,301	-
(Gain)/loss on revaluation of investment in financial asset classified as held for trading	(11,783)	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	38,711	(23,043)
(Increase)/decrease in other assets	8,830	(8,830)
(Decrease)/increase in trade and other creditors	80,935	11,014
Net cash flows from operating activities	<u>399,496</u>	<u>366,858</u>

5 TRADE AND OTHER RECEIVABLES (CURRENT)

Accounts receivable	232	11,560
Sundry debtors	91,513	117,597
Short term deposits	-	16,358
GST receivable	15,889	830
Carrying amount of trade and other receivables*	<u>107,634</u>	<u>146,345</u>

* The carrying amount disclosed above is a reasonable approximation of fair value.

Accounts receivable are non-interest bearing.

Details regarding the credit risk of current receivables is disclosed in note 11.

6 PREPAYMENTS

Prepayments	-	8,830
	<u>-</u>	<u>8,830</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$	2006 \$
7 INVESTMENT IN FINANCIAL ASSETS - HELD FOR TRADING		
Current		
Investment portfolio	759,892	-
	<u>759,892</u>	<u>-</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.

8 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment		
At cost	133,335	85,328
Accumulated depreciation	(55,379)	(37,708)
Net carrying amount	<u>77,956</u>	<u>47,620</u>

Movement in property, plant and equipment

Plant and equipment		
Balance at the beginning of the year		
At cost	85,328	50,388
Accumulated depreciation	(37,708)	(21,922)
Net carrying amount	47,620	28,466
Additions	64,837	34,940
Disposals	(5,514)	-
Depreciation charge for the year	(28,987)	(15,786)
Balance at the end of the year - net carrying amount	<u>77,956</u>	<u>47,620</u>

9 TRADE AND OTHER PAYABLES (CURRENT)

Trade creditors	43,964	66,859
Other creditors	175,913	74,855
Annual leave accrued	25,083	22,311
	<u>244,960</u>	<u>164,025</u>

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$	2006 \$
10 PROVISIONS		
Non Current		
Make-good - leased premises	10,000	-
	<u>10,000</u>	<u>-</u>
Make-good		
At 1 July 2006	-	
Arising during the year	10,000	
Utilised	-	
At 30 June 2007	<u>10,000</u>	

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to raise finance and maintain liquidity for the Company's operations. The Company has various other financial assets and liabilities such as financial assets at fair value through profit or loss, trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are cash flow interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Cash flow interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash and bank balances.

Credit risk

The Company trades only with recognised, creditworthy third parties.

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 not significant.

There are no significant concentrations of credit risk within the Company.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

12 FAIR VALUE AND INTEREST RATE RISK

(a) Fair values

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represents a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(b) Interest rate risk

Financial assets consist of cash of \$477,064 with an interest rate of 5.3% (2006: \$986,169, interest rate 5.1%) and short-term deposit of \$10,858 which matures in six months with a interest rate of 6% (2006: \$10,858, interest rate 5.1%).

13 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:

	2007 \$	2006 \$
Within one year	67,473	64,260
After one year but not more than five years	289,392	311,864
More than five years	-	-
	<u>356,865</u>	<u>376,124</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 2007

14 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.

15 AUDITORS' REMUNERATION

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

	2007 \$	2006 \$
<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 \$25,000 (2006: \$20,000) plus GST.

16 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 2007

17 RELATED PARTY DISCLOSURES

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

Ms Elizabeth Carr (Chairman) (Appointed: 20 October 2006)

Dr Paul Beaumont

Mr Ashley Chapman

Mr Barry Clarke

Dr Peter Herse

Mr John McCarroll

Mr Peter Reid

Dr Jim Runciman

Mr Paul Rogan

Ms Suellen Tapsall

Mr Peter Brown

Ms Leslie Lofthouse (Chairman) (Resigned: 13 October 2006)

(a) Compensation of Key Management Personnel

The directors do not receive remuneration for services performed in their role as director of the Company. 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 \$264,187 (2006: \$282,936).

(b) Loans to Key Management Personnel

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

(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 \$30,000 for the year ended 30 June 2007 (2006: \$0).

Ms. Elizabeth Carr is employed by Macquarie Bank. The Macquarie Bank Foundation supports their staff members who sit on Boards and Executive Committees by providing a staff participation grant of \$10,000 to the community organisations involved for the year ended 30 June 2007 (2006: \$0).

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

17 RELATED PARTY DISCLOSURES (continued)

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

Mr. Peter Brown is the director of Bluedesk. Bluedesk received \$23,195 for services rendered for the year ended 30 June 2007 (2006: \$7,200). 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 \$125,000 for the year ended 30 June 2007 (2006: \$197,500).

Mr. John McCarroll is employed by Goldman Sachs JBWere. Goldman Sachs JBWere provided a donation of \$10,000 to the Foundation in the year ended 30 June 2007 to aid in translation of resource brochures (2006: \$0).

Mr. Paul Rogan made a donation of \$3,000 to the Foundation in the year ended 30 June 2007 (2006: \$0).

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 (2006: \$0).

Dr. Jim Runciman is a member of the Medical Advisory Board of Novartis and Alcon. He has received honoraria for attending meetings and giving lectures. Total honoraria for the year ended 30 June 2007 is \$2400 (2006:\$0).

He does not have any shares in any company which sponsors the Macular Degeneration Foundation.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

18 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	2007 \$	2006 \$
Income			
Income from fundraising	3(a)	1,330,296	1,092,365
Government grants		406,500	394,600
Income from investments	3(b)	62,931	41,076
Total Income		<u>1,799,727</u>	<u>1,528,041</u>
Expenses			
Education		590,617	437,221
Awareness		238,785	207,534
Support services		209,629	41,700
Representation		41,587	30,926
Cost of providing services		<u>1,080,618</u>	<u>717,381</u>
Research		113,688	103,722
Cost of providing services and research		<u>1,194,306</u>	<u>821,103</u>
Management		207,846	236,047
Fundraising		148,060	98,960
Total Expenses	3(c), 3(d), 3(e)	<u>1,550,212</u>	<u>1,156,110</u>
Surplus for the year		249,515	371,931
(a) Gross proceeds from fundraising		1,330,296	1,092,365
Costs of fundraising		(148,060)	(98,960)
Net Surplus obtained from fundraising appeals		<u>1,182,236</u>	<u>993,405</u>
(b) Application of net surplus obtained from fundraising appeals:			
Providing services and research		1,182,236	821,103
Cost of operations		-	172,302
		<u>1,182,236</u>	<u>993,405</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

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

(c) Comparisons of certain monetary figures and percentages	2007		2006	
	\$	%	\$	%
Total cost of fundraising / Gross income from fundraising	<u>148,060</u> 1,330,296	11.1%	<u>98,960</u> 1,092,365	9.1%
Net surplus from fundraising / Gross income from fundraising	<u>1,182,236</u> 1,330,296	88.9%	<u>993,405</u> 1,092,365	90.9%
Total costs of services / Total expenditure	<u>1,402,152</u> 1,550,212	90.4%	<u>1,057,150</u> 1,156,110	91.4%
Total costs of services / Total income received	<u>1,402,152</u> 1,799,727	78%	<u>1,057,150</u> 1,528,041	69.2%

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 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 2007 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)
Director

Sydney
14 September 2007

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 2007;
- (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 2007;
- (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 2006 to 30 June 2007; 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.

Ms Elizabeth Carr - BA (Hons)
Chairman

Sydney
14 September 2007