

## Independent audit report to members of the Fred Hollows Foundation

We have audited the accompanying financial report of the Fred Hollows Foundation, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity, and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001*, and the Charitable Fundraising Act 1991, and the Charitable Collections Act 1946 and Regulations (WA). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

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

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

### *Independence*

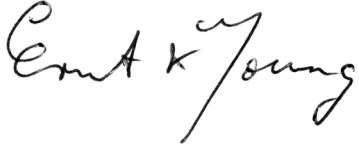
In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

### *Auditor's Opinion*

In our opinion, the financial report of the Fred Hollows Foundation is in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Fred Hollows Foundation at 31 December 2007 and of its performance for the year ended on that date;
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the Charitable Fundraising Act 1991, including:
  - (i) the financial report of the Fred Hollows Foundation shows a true and fair view of the financial results of fundraising appeals for the year ended 31 December 2007;
  - (ii) the financial report and associated records of the Fred Hollows Foundation have been properly kept during the year in accordance with the Act;
  - (iii) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Act; and
  - (iv) as at the date of this report, there are reasonable grounds to believe that the Fred Hollows Foundation will be able to pay its debts as and when they fall due.
- (c) the Charitable Collections Act 1946 and Regulations (WA), including:
  - (i) the financial report of the Fred Hollows Foundation shows a true and fair view of the financial results of fundraising appeals for the year ended 31 December 2007;
  - (ii) the accounts and associated records of the Fred Hollows Foundation have been properly kept during the year in accordance with the Act and Regulations;
  - (iii) money received as a result of fundraising appeals conducted during the year ended 31 December 2007 has been properly accounted for and applied in accordance with the Act and Regulations;
  - (iv) as at the date of this statement there are reasonable grounds to believe that The Fred Hollows Foundation will be able to pay its debts as and when they fall due; and

- (v) based on our audit, we have not become aware of any matter that makes us believe that The Fred Hollows Foundation has not complied with the obligations imposed by the Act and Regulations.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Sean Van Gorp'.

Sean Van Gorp  
Partner  
Sydney  
3 April 2008