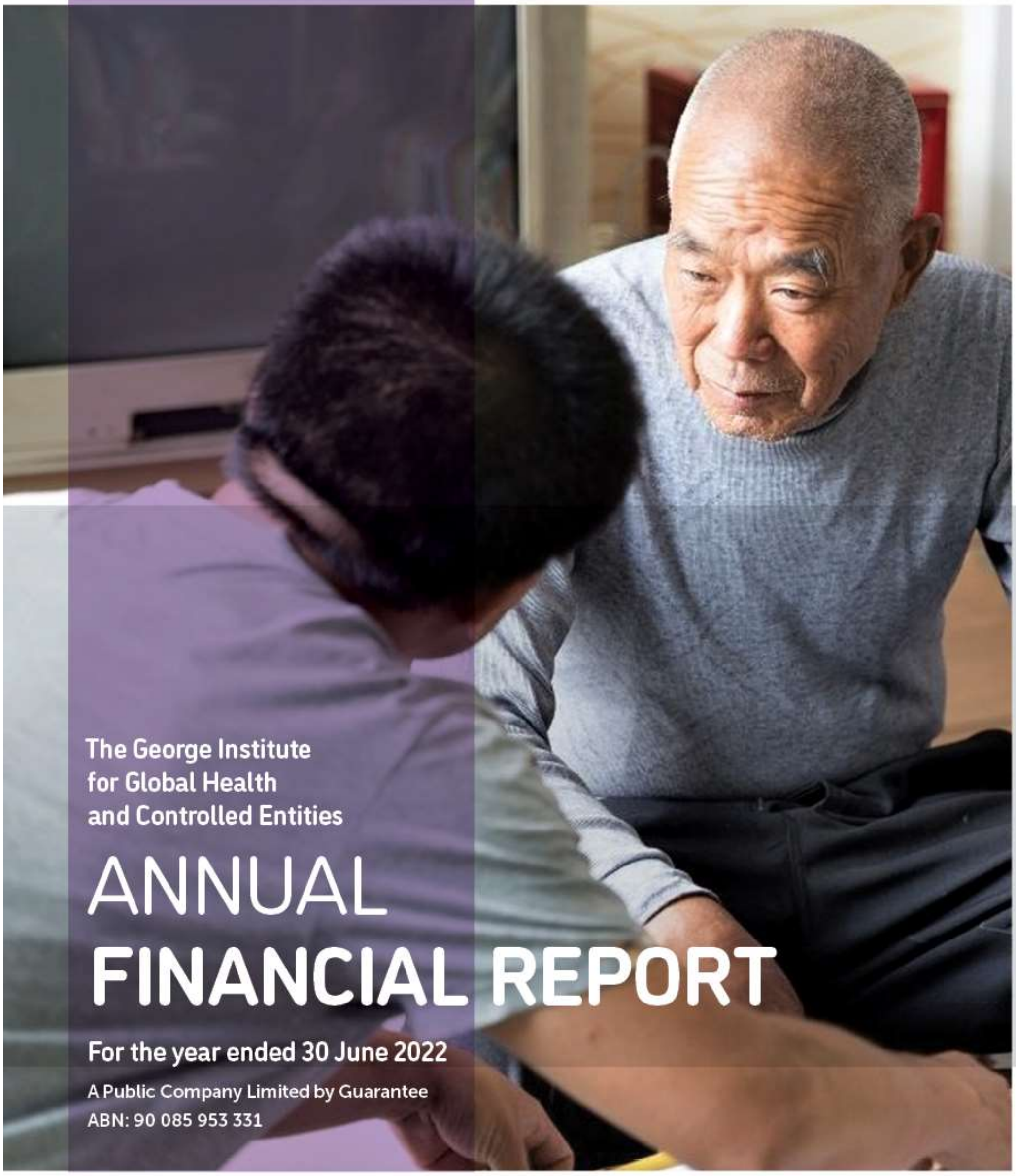
Better Treatments.
Better Care.
Healthier Societies.



The George Institute for Global Health and Controlled Entities

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2022

A Public Company Limited by Guarantee

ABN: 90 085 953 331

The George Institute for Global Health

The George Institute for Global Health and Controlled Entities

ABN 90 085 953 331

Annual report - 30 June 2022

The George Institute for Global Health and Controlled Entities
Table of contents

2022 Annual report

The George Institute for Global Health and Controlled Entities
Directors' Report

For the year ended 30 June 2022

Your directors present this report on the consolidated entity consisting of The George Institute for Global Health (the Company) and the entities it controlled (the Consolidated Entity) for the financial year ended 30 June 2022. The Consolidated Entity comprises: a group of not for profit subsidiaries (Research Segment) and a group of for profit subsidiaries (Commercial Segment), with the lead subsidiary being George Institute Ventures Limited. It should be noted that a major commercial subsidiary is treated as "held for sale" in this financial year.

Directors

The names of each person who has been a Director of the Company during the financial year and to the date of this report are:

Catherine Michelle Brenner
David Hugh Armstrong (Chair)
Gina Nancy McGregor Anderson (resigned 3 December 2021)
Melinda Blanton Conrad (resigned 3 December 2021)
Robyn Ngaire Norton AO
Rodney Ernest Phillips
Sarogini Meenachie Thuraisingham
Srinivas Akkaraju
Stephen William MacMahon AO
Timothy James Edward Longstaff (appointed 1 January 2022)
Vlado Perkovic
Yasmin Anita Allen

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Olga Smejkalova held the position of Company Secretary since 16 November 2021 and has remained as such to the date of this Report.

Short and Long-Term Objectives

The Consolidated Entity is an independent not-for-profit entity with short and long-term objectives to be a world-leading medical research institute focused on:

- improving the health of disadvantaged populations worldwide;
- better management of common chronic and critical conditions;
- innovation to ensure the sustainability of healthcare services; and
- new approaches to managing injury, frailty and disability across the globe.

Strategy for Achieving Objectives

The Consolidated Entity has developed a strategic plan to guide its work in its core business of medical research and in its operations globally.

The George Institute for Global Health and Controlled Entities
Directors' Report

For the year ended 30 June 2022

Principal Activities

The Research Segment's purpose is to undertake clinical, epidemiological and health systems research, especially focused on reducing the burden of chronic diseases and injuries. The Commercial Segment's purpose is to generate commercial returns in order to supplement the funding requirements of the Research Segment. Whilst no significant changes in the nature of the activity occurred during the financial year, a process to sell George Clinical was initiated late in the financial year.

How Principal Activities Contributed to Objectives

- The strengthening of research in Australia on health care delivery systems;
- The strengthening of research activities in India and UK;
- The gaining of peer-reviewed research grants through the National Health and Medical Research Council (NHMRC) in Australia and other global funding bodies;
- The publication of scientific papers in prestigious peer-reviewed journals and efforts to ensure the translation of research findings into policy and practice; and
- Within the Commercial Segment continued development of existing commercial ventures in order to generate further social and financial dividends.

Performance Measurement

Performance indicators include the following financial and non-financial targets:

- The number of scientific papers in prestige peer-reviewed journals;
- The number and value of peer-reviewed research grants;
- The growth in revenue of clinical and epidemiological research; and
- Financial sustainability as measured by the dollar value of surplus, cash, net current assets and total net assets.

Operating Results

The loss of the consolidated entity after providing for income tax amounted to $15.1 million (2021: Loss of $9.1 million. The result before tax for the consolidated entity amounted to a loss of $10.8 million (2021: Loss of $20.4 million). No impairment charge was recognised during the year (2021: $10.8 million), refer to Note 13 for further details.

Dividends Paid or Recommended

As a not-for-profit entity, the Company's Constitution prohibits the payment of dividends and accordingly no dividends were paid from the company. No dividends were paid from the "for profit" subsidiaries during the year.

Review of Operations

Total external revenue increased by 7% from the previous year (2021: increased by 39%). Within this overall result, the Research segment revenue increased by 3% to $62 million (2021: Research segment grew by 30% with total revenue of $59.1 million) whilst the Commercial Segment grew by 18% to $70.7 million, assuming the inclusion of George Clinical's revenue (2021: Commercial segment grew by 50% with total revenue of $60.1 million). This strong commercial segment performance was driven by continued growth of George Clinical.

The George Institute for Global Health and Controlled Entities
Directors' Report

For the year ended 30 June 2022

Review of Operations (continued)

The net result for the consolidated entity was a loss before income tax of $10.8 million (2021: loss of $20.4 million). The Research Segment generated a surplus before income tax of $3.6 million (2021: surplus of $7.1 million) for the year whereas the Commercial Segment incurred a loss before income tax of $19.5 million, when including George Clinical (2021: loss of $24.1 million). No donations were made by the Commercial Segment to the Research Segment in 2022.

The improved result in the Commercial Segment was due to strong revenue and profit growth in George Clinical, with strong growth in China, Asia and India. This was offset by the acceleration of trial activity of the Antihypertensive combination (GMRx2).

Research Segment results were buoyed by early receipt of FY23 MRSP (Medical Research Support Program) payment of $5.4 million. In line with AASB1058, these have been recognised in 2022, contributing to the strong performance.

Significant Changes in the State of Affairs

In line with the organisation's strategic plan, the Board approved initiating the sale process of George Clinical. Launched in Q4 FY22, the process is anticipated to complete in 1H FY23.

The capital raise secured by the Company's subsidiaries George Health Enterprises and George Medicines in November 2019, and the subsequent raise secured by George Health Enterprises in April 2022, continued to be executed through 2022. Specifically, investment of $3.6m was received from Federation Asset Management and BUPA into George Health Enterprises. Additionally, George Medicines received $3.5m million from the Government-backed Medical Research Commercialisation Fund Biomedical Translation Fund (MRCF BTF). These investments were used to fund the commercialisation of GMRx2, the fixed dose combination drug for hypertension. To date, $36.95m in cash has been received in exchange for equity and the issue of two convertible notes in George Health Enterprises, and $18.5m in cash was received in exchange for preferred share equity in George Medicines.

The impact of COVID-19 continues to be felt across the group, albeit with different outcomes. Within the Research Segment a number of trials were delayed due to limited access to patients and alternative remote ways of working were established to continue progression of these trials where possible. Within the Commercial Segment, George Clinical continues to recover strongly. For George Medicines, its clinical trial programme was hampered by COVID disruptions at trial sites.

Also during the year, George Health Enterprises Pty Limited decided not to contribute to a capital raise of Ellen Medical Devices Pty Limited, resulting in an accepted relinquishing of control of the entity. As such, Ellen Medical Devices Pty Limited is no longer consolidated within the group. Rather it is accounted for as an investment in as sociates through equity accounting in the accompanying financial statements.

The George Institute for Global Health and Controlled Entities
Directors' Report

For the year ended 30 June 2022

Events since the end of the financial year
No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Future Developments
The consolidated entity expects to maintain its present status.

Environmental Issues
The Consolidated Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Options
During the financial year and in previous years, Long term incentive (LTI) Plans were put in place for a small number of employees and executives in the commercial subsidiaries of the Consolidated Entity. Grants under LTI Plans were made in the form of share appreciation rights (SARs), employee share option plans (ESOP), or founders equity plans (FEP), or options. It should be noted that if the George Clinical transaction is complete in FY23, a significant portion of these will be exercised. It should also be noted that during the year existing share appreciation rights plan within George Medicine Pty Limited and George Clinical Pty Limited was replaced with a traditional options plan. The participant numbers have increased as a result.

Information on Directors

<u>David Hugh Armstrong - Chair / Non-Executive Director</u>
Qualifications: BBus (UTS), FCA, MAICD
Non-Executive Director - National Australia Bank
Non-Executive Director - Insurance Australia Group
Director - Opera Australia Capital Fund Limited
President - Australian Museum
Trustee of Lizard Island Reef Research Foundation

<u>Catherine Michelle Brenner - Non-Executive Director</u>
Qualifications: BEcLLB, MBA, FAICD
Non-Executive Director - Scentre Group Limited, Carindale Property Trust, Schools Plus, Emmi.io
Chair - Australian Payments Plus Limited
Panel Member - Adara Partners

<u>Gina Nancy McGregor Anderson - Non-Executive Director (resigned 3 December 2021)</u>
Qualifications: BA, GAICD
Chair - The George Foundation for Global Health Limited
Director - PetRescue Ltd
Co-Founder and Former Chair - Women's Community Shelters Limited
Former Advisory Board Member - ACNC

For the year ended 30 June 2022

Information on Directors (continued)

Melinda Blanton Conrad - Non-Executive Director (resigned 3 December 2021)
Qualifications: BA (Wellesley), MBA (Harvard), FAICD
Non-Executive Director - ASX Limited
Non-Executive Director - Ampol Limited
Non-Executive Director - Stockland Corporation Limited
Non-Executive Director - The Centre for Independent Studies
Advisory Board Member - Five V Capital
Member - AICD Corporate Governance Council
Non-Executive Director - Penten Technology

Professor Robyn Ngaire Norton AO - Executive Director
Qualifications: PhD, MPH (Syd), MA, BA (Canterbury), FAHMS
Principal Director and Co-Founder - The George Institute for Global Health
Acting Executive Director - The George Institute for Global Health, UK
Professor of Public Health, Faculty of Medicine, UNSW Sydney (AUS)
Chair of Global Health, Imperial College London (UK)
Fellow - Australian Academy of Health and Medical Sciences
Member - Chief Executive Women, Australia

Professor Rodney Ernest Phillips - Non-Executive Director
Qualifications: MBBS (Melb), FRACP, MD (Melb), MA (Oxon), FRCP (London), F Acad MedSci (London)
Professor Emeritus - University of New South Wales, Sydney
Honorary Fellow - Pembroke College, Oxford
Non-Executive Director - The National Drug and Alcohol Research Centre Advisory Board

Dr Sarogini Meenachie Thuraisingham - Non-Executive Director
Qualifications: PhD, GAICD, MAPS
Founder & Principal - BoardQ
Founder & Principal - TalentInvest
Member - International Women's Forum
Non-Executive Director - Shared Value Project

Dr Srinivas Akkaraju - Non-Executive Director
Qualifications: MD, PhD
Board Chair - George Health Enterprises Pty Ltd
Managing General Partner - Samsara BioCapital
Director - Chinook Therapeutics
Director - Syros Pharmaceuticals
Director - Intercept Pharmaceuticals Inc.
Non-Executive Director - Scholar Rock
Non-Executive Director - Jiya Acquisition Corp

For the year ended 30 June 2022

Information on Directors (continued)

Professor Stephen William MacMahon AO - Executive Director
Qualifications: DSc (USNW), PhD (UNSW), FAA, FMedSci, FAHMS, FACC, FAHA, FCSANZ
Principal Director and Co-Founder - The George Institute for Global Health
Director - The George Foundation for Global Health Limited (AUS)
Professor of Cardiovascular Medicine, Faculty of Medicine, UNSW Sydney (AUS)
Chair of Global Health, Faculty of Medicine, Imperial College London (UK)
Fellow - Australian Academy of Science, British Academy of Medical Sciences, Australian Academy of Health and Medical Sciences, and the American College of Cardiology

Timothy James Edward Longstaff - Non-Executive Director (appointed 1 January 2022)
Qualifications: BEc, FCA, GAICD, F Fin
Non-Executive Director - Ingham's Limited
Non-Executive Director - Perenti Global Limited
Non-Executive director - Snowy Hydro Limited
Member - The Takeovers Panel

Professor Vlado Perkovic - Non-Executive Director
Qualifications: MBBS, PhD, FRACP, FAAHMS, FASN
Dean of Medicine and Health, University of New South Wales, Sydney
Non-Executive Director - Garvan Institute
Non-Executive Director - Victor Chang Cardiac Research Institute
Non-Executive Director - Mindgardens Neuroscience Network
Non-Executive Director - Ingham Institute for Applied Medical Research
Non-Executive Director - St Vincents Health Australia

Yasmin Anita Allen - Non-Executive Director
Qualifications: BCom, FAICD
Non-Executive Director - ASX Limited
Non-Executive Director - Cochlear Limited
Non-Executive Director - Santos Limited
Board Member - George Health Enterprises Pty Limited
Member - ASX Limited Clearing and Settlement Board and Audit Committee
Acting President - Federal Government's Takeovers Panel
Chair - Tic:Toc Online
Chair - Digital Skills Org (Federal Govt)
Non-Executive Director - QBE Limited
Chair - Harrison Riedel Foundation

* Each non-executive director is an unpaid volunteer.

The George Institute for Global Health and Controlled Entities
Directors' Report

For the year ended 30 June 2022

Insurance of Officers

During the year, the Company paid a premium of $216,062 for a Management Liability Policy (2021: total premium was $111,017). Part of this premium is to insure Directors and officers (each an "Officer") of the Company and its controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against an Officer in their capacity as Officer of an entity within the Consolidated Entity, and any other payments arising from liabilities incurred by an Officer in connection with such proceedings.

Agreement to Indemnify Officers

The Company has agreed to indemnify each Officer of the Company and its controlled entities against any liability, loss, damages, monetary obligations, non-criminal penalties, charges, legal costs and expenses incurred by that Officer as an Officer of the Company or a controlled entity, to the extent permitted by law. This indemnity does not cover any liability the Officer owes to the Company or a related entity, any pecuniary penalty order or compensation order issued against the Officer under the Corporations Act 2001 (Cth), any liability to a third party that did not arise out of conduct in good faith, and court proceedings where the Officer is found guilty or where judgment is made against the Officer.

Members Guarantee

The Company is incorporated under the Corporations Act 2001 (Cth) and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute $10 towards meeting any outstanding obligations of the Company. As at 30 June 2022 the number of members was 10 (2021: 10 members).

Proceedings on Behalf of the Company

No person has applied to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

For the year ended 30 June 2022

Going Concern

During the period the Consolidated Entity has incurred a total loss of $15,082k (2021: Loss of $9,128k) and net current assets of $30,429k (2021: net current assets of $25,878k). The net operating cash inflow from operations decreased substantially during the year by $15,330k to an inflow of $1,188k. Note that the losses are attributed to the Commercial operations' investment in GMRx2 product development. Additionally, the reduction in operating cash inflow was attributable to the receipt of extraordinary COVID support in the prior year.

The Board and Management carefully manage cash flow, with significant scrutiny in this financial year given on going investment requirements for George Medicine and uncertainty of George Clinical's sales process. The Consolidated entity's ability to continue as a going concern, to recover the carrying value of its assets and meet its commitments as and when they fall due is dependent on the ability to continue to deliver revenue targets, maintain or improve margins, manage cost base and/or access additional sources of funding for new technology. The Board and Management believe that the consolidated entity will be successful in the above matters and, accordingly, have prepared the financial statements on a going concern basis.

At this time, the Board and Management are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2022. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

The George Institute for Global Health and Controlled Entities
Directors' Report

For the year ended 30 June 2022

Meetings of Directors

During the financial year, 18 meetings of Directors (including committee meetings) were held (2021: 19 meetings). Attendances by each Director are listed below.

	Board Meeting		Research Committee*		People Committee		Audit Committee		Risk Committee	
	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended
Catherine Brenner	4	4	4	4	-	-	4	4	4	4
David Armstrong	4	4	4	4	2	2	4	4	4	4
Gina Anderson	2	2	2	2	-	-	-	-	2	2
Melinda Conrad	2	2	2	2	-	-	2	2	2	2
Robyn Norton	4	4	4	4	2	2	4	4	-	-
Rodney Phillips	4	3	4	3	-	-	-	-	4	2
Meena Thuraisingham	4	4	4	4	2	2	-	-	-	-
Srinivas Akkaraju	4	2	4	2	-	-	-	-	-	-
Stephen MacMahon	4	3	4	3	2	2	-	-	4	2
Timothy Longstaff	2	2	2	2	-	-	2	2	2	2
Vlado Perkovic	4	3	4	3	-	-	-	-	-	-
Yasmin Allen	4	4	4	4	-	-	-	-	-	-

* The membership of the Research Committee includes senior managers of the Company, as approved by The National Health and Research Medical Council (NHMRC), and Directors are invited to attend. Professor Anushka Patel, Chief Scientist, is a member of the Research Committee.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Signed in accordance with a resolution of the Board of Directors.

David Hugh Armstrong (Chair)
Director

Sydney
Date 28 November 2022

Stephen William MacMahon AO
Director

Sydney
Date 28 Nov 2022

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF THE GEORGE INSTITUTE FOR GLOBAL HEALTH

As lead auditor of The George Institute for Global Health for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The George Institute for Global Health and the entities it controlled during the period.

L Russell

Leah Russell
Director

BDO Audit Pty Ltd

Sydney

28 November 2022

The George Institute for Global Health and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue			
Revenue	3	58,499,293	55,603,245
Other income	4	5,299,134	3,963,083
		63,798,427	59,566,328
Employee benefits expense	4	(44,795,478)	(44,004,644)
Depreciation and amortisation expense	4	(2,355,872)	(2,684,483)
Rental expense	4	(569,218)	(77,756)
Administration expense		(2,521,969)	(2,721,388)
Study sub-contractor fee		(375,517)	(751,584)
Patient recruitment expense		(2,402,923)	(2,580,822)
Consultants fee		(7,349,333)	1,689,163
Finance expense	4	(4,565,007)	(3,774,401)
Travel/Accommodation costs		(1,312,921)	(403,898)
Fair value gain on derivatives	4	3,730,347	719,184
Other expenses		(11,777,080)	(14,611,175)
Impairment expense	13	-	(10,803,847)
Share of loss of investment in Ellen Medical Devices Pty Ltd		(274,148)	-
Surplus (Loss) before income tax		**(10,770,692)**	**(20,439,323)**
Income tax benefit/(expense)	10	(509,384)	7,942,992
Surplus (loss) from continuing operations		(11,280,076)	(12,496,331)
Surplus (loss) from discontinued operations	19	(3,802,158)	3,368,434
Surplus (Loss) after income tax		**(15,082,234)**	**(9,127,897)**
Surplus (Loss) for the year is attributable to:			
Owners of The George Institute for Global Health Limited		(11,593,501)	(5,723,324)
Non-controlling interest		(3,488,733)	(3,404,573)
		(15,082,234)	**(9,127,897)**
Other comprehensive income			
Items that may be reclassified subsequently to surplus or deficit:			
Exchange differences on translation of foreign operations		1,293,342	(1,551,912)
Changes in the fair value of available-for-sale financial assets		(1,187,899)	1,023,546
Cash flow hedges		(10,533)	80,261
Total other comprehensive income for the Year		94,910	(448,105)
Total comprehensive (loss)/surplus for the year		**(14,987,324)**	**(9,576,002)**

The above should be read in conjunction with the notes to the financial statements.

The George Institute for Global Health and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $	2021 $
Total comprehensive (loss)/surplus for the year is attributable to:			
Continuing operations		(3,488,733)	(3,404,573)
Discontinued operations		-	-
Non-controlling interest		**(3,488,733)**	**(3,404,573)**
Continuing operations		(8,612,185)	(8,171,286)
Discontinued operations		(2,886,406)	1,999,857
Owners of The George Institute for Global Health Limited		**(11,498,591)**	**(6,171,429)**

The above should be read in conjunction with the notes to the financial statements.

The George Institute for Global Health and Controlled Entities
Consolidated Statement of Financial Position

For the year ended 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	5	59,828,989	66,907,840
Trade and other receivables	6	5,427,094	19,261,440
Other assets	7	490,080	838,719
Prepayments	8	810,478	1,893,945
Accrued income	3	138,326	18,613,552
Assets classified as held for sale	19	62,582,559	-
Total current assets		**129,277,526**	**107,515,496**
Non-current assets			
Other assets	7	840,000	1,190,000
Other financial assets	9	8,677,258	9,517,568
Furniture, fixtures and equipment	12	3,161,401	4,664,688
Goodwill	13	-	7,603,638
Intangible assets	13	141,509	1,831,164
Right-of-use assets	18	6,965,941	12,008,539
Deferred tax asset	11	11,525,017	13,845,887
Investments Accounted for using Equity Method	21	593,296	-
Total non-current assets		**31,904,422**	**50,661,484**
Total assets		**161,181,948**	**158,176,980**
LIABILITIES			
Current liabilities			
Trade and other payables	14	5,496,223	16,251,794
Lease liabilities	18	1,642,041	2,469,305
Deferred income	3	42,705,087	49,788,554
Provisions	15	6,265,097	9,097,870
Borrowings	16	-	1,459,482
Other liabilities	17	301,949	2,570,538
Liabilities directly associated with assets classified as held for sale	19	42,437,778	-
Total current liabilities		**98,848,175**	**81,637,543**

The above should be read in conjunction with the notes to the financial statements.

The George Institute for Global Health and Controlled Entities
Consolidated Statement of Financial Position

For the year ended 30 June 2022

	Note	2022 $	2021 $
Non-current liabilities			
Provisions	15	618,092	678,070
Borrowings	16	-	3,540,518
Lease liabilities	18	6,292,983	10,531,594
Other liabilities	17	44,879,480	40,037,941
Total non-current liabilities		**51,790,555**	**54,788,123**
Total liabilities		**150,638,730**	**136,425,666**
Net assets		**10,543,218**	**21,751,314**
EQUITY			
Foreign currency translation reserve		(219,404)	(1,512,746)
Available-for-sale financial asset reserve		932,128	2,120,027
Cash flow hedge reserve		12,525	23,058
Shared based payment reserve		17,582,791	15,408,198
Non-controlling interest		(2,194,173)	(118,048)
Divestment reserve		10,773,175	10,773,175
Other reserves		6,885,719	6,693,692
Accumulated (loss)/surplus		(23,229,543)	(11,636,042)
Total equity		**10,543,218**	**21,751,314**

The above should be read in conjunction with the notes to the financial statements.

The George Institute for Global Health and Controlled Entities
Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Foreign currency translation reserve	Available-for-sale financial asset reserve	Cash flow hedge reserve	Shared based payment reserve	Non-controlling interest	Divestment reserve	Other reserves	Accumulated surplus	Total equity
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2020	39,166	1,096,481	(57,203)	11,784,005	3,286,525	10,773,175	5,664,293	(5,912,718)	26,673,724
Surplus (loss) for the period	-	-	-	-	(3,404,573)	-	-	(5,723,324)	(9,127,897)
Other comprehensive income	(1,551,912)	1,023,546	80,261	-	-	-	-	-	(448,105)
Total comprehensive income for the period	(1,551,912)	1,023,546	80,261	-	(3,404,573)	-	-	(5,723,324)	(9,576,002)
Transactions with owners in their capacity as owners:									
Share based payment expenses	-	-	-	3,624,193	-	-	-	-	3,624,193
Other reserves	-	-	-	-		-	1,029,399	-	1,029,399
Balance at 30 June 2021	(1,512,746)	2,120,027	23,058	15,408,198	(118,048)	10,773,175	6,693,692	(11,636,042)	21,751,314

The above should be read in conjunction with the notes to the financial statements.

The George Institute for Global Health and Controlled Entities
Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Foreign currency translation reserve	Available-for-sale financial asset reserve	Cash flow hedge reserve	Shared based payment reserve	Non-controlling interest	Divestment reserve	Other reserves	Accumulated surplus	Total equity
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2021	(1,512,746)	2,120,027	23,058	15,408,198	(118,048)	10,773,175	6,693,692	(11,636,042)	21,751,314
Surplus (loss) for the period	-	-	-	-	(3,488,733)	-	-	(11,593,501)	(15,082,234)
Other comprehensive income	1,293,342	(1,187,899)	(10,533)	-	-	-	-	-	94,910
Total comprehensive income (loss) for the period	1,293,342	(1,187,899)	(10,533)	-	(3,488,733)	-	-	(11,593,501)	(14,987,324)
Transactions with owners in their capacity as owners:									
Share based payment expenses	-	-	-	2,174,593	-	-	-	-	2,174,593
Non-controlling interests on divestment of ownership	-	-	-	-	1,412,608	-	-	-	1,412,608
Divestment in subsidiaries	-	-	-	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-	192,027	-	192,027
Balance at 30 June 2022	(219,404)	932,128	12,525	17,582,791	(2,194,173)	10,773,175	6,885,719	(23,229,543)	10,543,218

* Relates to the adjustment for transition to AASB 1058 in the year ended 30 June 2020.

The above should be read in conjunction with the notes to the financial statements.

The George Institute for Global Health and Controlled Entities
Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

Financial assets reserve

From 1 July 2018, the reserve is used to recognize increments and decrements in the fair value of the Investments in listed entities that are accounted for as financial assets at fair value through other comprehensive income. Previously the reserve represented changes in fair value arising from available-for-sale financial assets. Amounts recognized in the reserve are not subsequently recognized in surplus or deficit, including when the investments are sold or impaired.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity (foreign currency translation reserve). The reserve is recognised in Profit or deficit when the net investment is disposed of.

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Share-based payment reserve

The share-based payments reserve is used to recognize the value of SARs (Share Appreciation Rights) share based payments provided to a small number of employees (including senior executives) in the Consolidated Entity's commercial business as part of their remuneration. Refer to Note 22 for further details of these plans.

Divestment reserve

The divestment reserve relates to the divestment of 17.8% (2021: 17.8%) in George Health Enterprises Pty Limited.

Other reserve

The other reserve relates to the issue of convertible notes issued in George Health Enterprises Pty Limited.

The above should be read in conjunction with the notes to the financial statements.

The George Institute for Global Health and Controlled Entities
Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts of grants and contract revenue (inclusive of goods and services tax)		139,016,510	140,351,107
Payments to suppliers and employees (inclusive of goods and services tax)		(137,038,112)	(123,530,682)
		1,978,398	16,820,425
Dividend received		399,300	287,523
Interest received		154,341	144,842
Income taxes paid		(1,343,870)	(676,958)
Interest and other costs of finance paid		-	(57,866)
Net cash inflow (outflow) from operating activities	23(b)	1,188,169	16,517,966
Cash flows from investing activities			
Payment for property, plant and equipment		(956,950)	(391,964)
Payment for intangibles		(95,206)	(5,934)
Payment for investments		(784,291)	-
Net cash inflow (outflow) from investing activities		(1,836,447)	(397,898)
Cash flows from financing activities			
Receipts from other loans		148,766	-
Repayment of bank borrowings		(1,641,063)	(3,825,000)
Receipts of bank loans		-	5,000,000
Receipts from hedging instruments		12,093	-
Proceeds from derivative loan		3,500,000	-
Proceeds from issue of preferred shares in subsidiaries		-	10,000,000
Proceeds from issue of convertible notes in subsidiaries		3,600,001	12,500,000
Lease payments		(3,199,068)	(3,146,241)
Net cash inflow (outflow) from financing activities		2,420,729	20,528,759
Net increase (decrease) in cash and cash equivalents		1,772,451	36,648,827
Effect of exchange rate fluctuations on cash and cash equivalents		-	-
Cash on deconsolidation		(388,307)	-
Cash and cash equivalents at the end of the financial year related to George Clinical Pty Ltd Discontinued Operations		(8,462,995)	-
Cash and cash equivalents at the beginning of the financial year		66,907,840	30,259,013
Cash and cash equivalents at end of year	5	59,828,989	66,907,840

The above should be read in conjunction with the notes to the financial statements.

For the year ended 30 June 2022

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of The George Institute for Global Health (the "Company") and its subsidiaries.

The financial statements were authorised for issue in accordance with a resolution of the Company's Directors on 28 November 2022.

The Company is a company limited by guarantee, incorporated and domiciled in Australia. The nature of the operations and principal activities of the Company and consolidated entities are described in the Directors' Report.

Basis of Preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Simplified Disclosure Requirements, including the Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012 as appropriate for not-for-profit oriented entities.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The George Institute for Global Health (the "Company)" as at 30 June 2022 and the results of all the subsidiaries for the year ended 30 June 2022. The Company and its subsidiaries are referred to in these financial statements as the "Consolidated Entity".

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies.

For the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

i. Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Consolidated Entity has joint control, established by contractual agreement. In the consolidated financial statements, jointly controlled entities are accounted for using the equity method of accounting.

Where the equity method is applied, the consolidated financial statements include the Consolidated Entity's share of the total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

ii. Business combinations

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any pre-existing equity interest in the subsidiary.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill.

iii. Business divestments

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity reduces its investment in a subsidiary but still retains control, the excess consideration over the net assets is recognised in the divestment reserve, with the balance allocated to non-controlling interest.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

For the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

b) Parent Entity Information

In accordance with the Australian Charities and Not-for-profits Commission Act 2012, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 20.

c) Foreign Currency Translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the foreign exchange rates, which approximate the rate at the date of the translating transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

d) Income Tax

The parent company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. All other subsidiaries' income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

A tax consolidated group was established in prior years for the 100% owned Australian subsidiaries. The George Institute for Global Health Limited is the parent entity of a tax consolidated group. Historically the Consolidated Entity has had a breakeven or tax loss position, as the for profit entities provide a tax deductible donation to The George Institute of Global Health Limited a not-for profit entity. Within the tax group if one entity had a tax profit and another incurred a tax loss, the tax loss was shared without re-imbursement. An agreement has now been entered where tax losses are re-imbursed when utilised.

For the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

e) Long Term Incentive Plan

Long Term Incentive (LTI) Plans are in place for a small number of employees and executives in the commercial subsidiaries of the Consolidated Entity as is common practice for executives in commercial organisations. This is part of the overall remuneration strategy of the commercial subsidiaries to attract, motivate and retain talent at its senior leadership level. The LTI Plan is designed to align the interests of participating employees to the achievement of core strategic goals of the commercial subsidiaries of the Consolidated Entity and to reward Participants for positive and sustained growth in business value.

Grants under the LTI Plans are approved by the Board, and are made in the form of share appreciation rights (SARs), Employee Share Option Plans (ESOP) or Founders Equity Plans (FEP). Each SAR, ESOP or FEP provides a Participant with a potential entitlement to an LTI outcome in the form of shares or, if the Board determines, in cash payment(s) of equivalent value, plus a potential entitlement to notional "dividends".

f) Going concern

During the period the Consolidated Entity has incurred a total loss of $15,082k (2021: Loss of $9,128k) and net current assets of $30,429k (2021: net current assets of $25,878k). The net operating cash inflow from operations decreased substantially during the year by $15,330k to an inflow of $1,188k. Note that the losses are attributed to the Commercial operations' investment in GMRx2 product development. Additionally, the reduction in operating cash inflow was attributable to the receipt of extraordinary COVID support in the prior year.

The Board and Management carefully manage cash flow, with significant scrutiny in this financial year given on going investment requirements for George Medicine and uncertainty of George Clinical's sales process. The Consolidated entity's ability to continue as a going concern, to recover the carrying value of its assets and meet its commitments as and when they fall due is dependent on the ability to continue to deliver revenue targets, maintain or improve margins, manage cost base and/or access additional sources of funding for new technology. The Board and Management believe that the consolidated entity will be successful in the above matters and, accordingly, have prepared the financial statements on a going concern basis.

At this time, the Board and Management are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2022. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

For the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

g) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Significant Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

The information on significant estimates and judgements has been disclosed in the relevant note.

1 Summary of significant accounting policies (continued)

j) Changes in Accounting Policy

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The consolidated entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS. Given that the Group previously prepared general purpose financial statements, the adoption of AASB 1060 has not had a material impact on the consolidated entity's financial statements.

Conceptual Frameworkfor Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. The adoption of the Conceptual Framework has not had a material impact on the consolidated entity's financial statements.

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year.

k) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended accounting standards and interpretations.

For the year ended 30 June 2022

2 Segment reporting

The Consolidated Entity has two operating segments: Not-for-Profit (Research) and For-profit (Commercial) segments. In identifying its operating segments, management followed the Consolidated Entity's organisational structure which represents the main distinguished services provided and its internal financial reporting system which provide the best evidence of the predominant source of risks and returns of the segments for the purpose of segment reporting.

The activities undertaken by the research segment includes clinical, epidemiological and health systems research, especially focused on reducing the burden of chronic diseases and injuries. The commercial segment's purpose is to generate commercial returns in order to supplement the funding requirements of the consolidated entity.

The measurement policies the consolidated entity uses for segment reporting under AASB 8 are the same as those used in its financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss. However, note that 2022 and 2021 data for the Commercial Segment excludes George Clinical due to its status as Held for Sale.

Major Segments ('000)	TGI Group Research Segment		GIV Group Commercial Segment		Eliminations		Consolidated Entity	
	2022	2021	2022	2021	2022	2021	2022	2021
Segment Revenue								
Revenue	58,404	55,485	95	118	-	-	58,499	55,603
Other income	2,650	3,908	2,649	55	-	-	5,299	3,963
Intersegment revenue	328	300	(1,343)	55	1,015	(355)	-	-
	61,382	59,693	1,401	228	1,015	(355)	63,798	59,566

For the year ended 30 June 2022

2 Segment reporting (continued)

Major Segments ('000)	TGI Group Research Segment		GIV Group Commercial Segment		Eliminations		Consolidated Entity	
	2022	2021	2022	2021	2022	2021	2022	2021
Segment Expenses								
Employee benefits	(39,209)	(39,750)	(5,586)	(4,255)	-	-	(44,795)	(44,005)
Depreciation and amortisation	(2,351)	(2,579)	(5)	(105)	-	-	(2,356)	(2,684)
Rental	(486)	122	(83)	(199)	-	-	(569)	(77)
Administration	(2,215)	(2,036)	(307)	(685)	-	-	(2,522)	(2,721)
Study sub-contractor fee	(376)	(751)	-	-	-	-	(376)	(751)
Patient recruitment	(2,403)	(2,581)	-	-	-	-	(2,403)	(2,581)
Consultants fee	(2,837)	3,590	(4,512)	(1,901)	-	-	(7,349)	1,689
Finance costs	(431)	(586)	(4,134)	(3,188)	-	-	(4,565)	(3,774)
Travel/accommodation	(1,062)	(401)	(251)	(3)	-	-	(1,313)	(404)
Other	(6,363)	(7,598)	(5,414)	(7,013)	-	-	(11,777)	(14,611)
Impairment	-	-	-	(10,804)	-	-	-	(10,804)
Share of loss of jointly controlled entity	-	-	(274)	-	-	-	(274)	-
Held for sale profits in the year	-	-	(3,802)	3,368	-	-	(3,802)	3,368
Intersegment expenses	(65)	(55)	(231)	(300)	296	355	-	-
Fair value gain on derivatives	-	-	3,730	719	-	-	3,730	719
Surplus/(loss) before income tax	3,584	7,068	(19,468)	(24,138)	1,311	-	(14,573)	(17,070)
Income tax	(50)	-	(460)	7,942	-	-	(510)	7,942
Surplus/(Loss) before income tax-before reclassification	3,534	7,068	(19,928)	(16,196)	1,311	-	(15,083)	(9,128)

For the year ended 30 June 2022

2 Segment reporting (continued)

Major Segments ('000)	TGI Group Research Segment		GIV Group Commercial Segment		Eliminations		Consolidated Entity	
	2022	2021	2022	2021	2022	2021	2022	2021
Segment assets (excluding intercompany debts)	72,932	70,011	88,250	88,166	-	-	161,182	158,177
Intercompany investment and debt	435	140	23,084	-	(23,519)	(140)	-	-
% on Total group assets (excluding intercompany debts)	45%	44%	55%	56%				
Segment Liabilities (excluding intercompany debts)	61,940	61,802	88,699	74,623	-	-	150,639	136,425
Intercompany investment and debt	23,084	1,005	453	557	(23,537)	(1,562)	-	-

For the year ended 30 June 2022

3 A. Disaggregation of revenue from contracts with customers

The consolidated entity derives revenue from the receipt of grants, and from the transfer of goods and services over time, in the following major revenue streams.

	Consolidated	
	2022	2021
	$	$
Operating Revenue		
Commercial revenue recognised over time	14,289,950	5,744,991
Grant income - peer reviewed	18,235,972	16,968,611
Grant income - recognised immediately	25,973,371	32,889,643
Total Operating Revenue	**58,499,293**	**55,603,245**

<u>Accounting Policy for Revenue</u>

Commercial arrangements
The Consolidated Entity's commercial arrangements comprise the provision of clinical research services to customers.

These arrangements are primarily service contracts that range in duration from a few months to several years, and are contracted directly with investigators for investigator services and other reimbursable activities. These services are combined with other study services in the management of a clinical study and as such the Consolidated Entity has assessed that it is acting as principal for the overall clinical trial obligation.

Clinical research services are accounted for as a contract with a customer when the Consolidated Entity and its customers approve the contract, are committed to perform their respective obligations, each party can identify its rights regarding the goods or services to be transferred, commercial substance is present, and it is probable that the Consolidated Entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Most contracts may be terminated upon 30 days' notice by the customer. However, in the event of termination, contracts require payment for services rendered through the date of termination, as well as for wind-down services rendered to close out the contract.

The Consolidated Entity has concluded that revenue from clinical research services represents a single performance obligation which is satisfied over time on the basis that it does not create an asset with an alternative use to the Consolidated Entity and the Consolidated Entity has an enforceable right to payment for performance completed to date.

For the year ended 30 June 2022

3 A. Disaggregation of revenue from contracts with customers (continued)

Progress towards satisfaction of the service is measured using an input method of cost to cost. The estimate of total revenue and costs to completion requires significant judgment based on various assumptions to project future outcomes of events. These estimates are reviewed periodically and any adjustments are recognised on a cumulative catch up basis in the period they become known.

In certain instances a customer contract may include forms of variable consideration, such as milestone payments, which is assessed on a contract-by-contract basis. Variable consideration is recognised as revenue if and when it is deemed probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved in the future.

The Consolidated Entity may receive payments from its customers in advance of performance, which are recognised as Contract Liabilities. Contract assets include unbilled amounts typically resulting from revenue recognised in excess of the amounts billed to the customer for which the right to payment is subject to factors other than the passage of time.

Research grants and other funding arrangements
The Consolidated Entity's activities are supported by funding from research and other public funding grants.

All grants are recognised as a receivable when the Consolidated Entity's contractual right to receive the grant is established. The corresponding entry depends on the nature of the grant and the rights and obligations established in the funding agreement as follows:

- Peer-reviewed funding grants: these grants represent funds that are available to be spent at the discretion of the researcher. The amount in income represents the amount that has been applied to research activities in accordance with the grant terms. The unspent amount of the grant is recorded as a financial liability.
- Other grants: all other grants are recognised as income immediately.

Financing components
The Consolidated Entity does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Consolidated Entity does not adjust any of the transaction prices for the time value of money.

For the year ended 30 June 2022

3 B. Assets and liabilities related to contracts with customers

The Consolidated Entity has recognised the following assets and liabilities related to contracts with customers.

	Consolidated	
	2022	2021
	$	$
Current contract assets - clinical trials	138,326	18,613,552
Loss allowance	-	-
Total contract assets	**138,326**	**18,613,552**
Current contract liabilities - clinical trials	42,705,087	49,788,554
Total current contract liabilities	**42,705,087**	**49,788,554**

Accounting Policy for Contract Assets and Liabilities

Contract assets and contract liabilities arise from the consolidated entities, which enter into contracts that can take a few years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognized on the contracts.

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

The Consolidated Entity also recognized a loss allowance for contract assets following the adoption of AASB 9.

Contract assets have decreased in FY2022 as the assets held by George Clinical are now classified as held for sale.

The contract liability balance has decreased in FY2022 due to the contract liabilities related to George Clinical now being classified as held for sale.

Judgements and Estimates

The consolidated entity has based the revenue recognised for commercial contracts and peer reviewed grants on the input of labour hours, and directly related costs. There is judgement involved in assessing the hours left to complete a project. Judgement is also required for assessing the expected credit loss on contract assets. Past history and known events are used in making the assessment.

For the year ended 30 June 2022

4 Other income and expenses

This note provides a breakdown of the items included in other income and expenses that are specifically required to be disclosed in the financial statements.

	Consolidated	
	2022	2021
	$	$
Other income		
Dividends received (including dividends reinvested)	399,301	289,176
Interest received	136,047	140,654
Jobkeeper allowance funding	-	2,638,500
Gain on Ellen Medical Devices	(356,629)	-
Gain on deconsolidation	3,005,662	-
Other	2,114,753	894,753
Total Other Income	**5,299,134**	**3,963,083**
Surplus for the year includes the following specific expenses:		
Depreciation and amortisation expense		
Furniture, fixture and equipment	707,355	831,448
Backlog	-	-
Fit-out	300,000	300,000
Right-of-Use asset	1,348,517	1,553,035
Customer relationships	-	-
	2,355,872	**2,684,483**
Fair value movements		
Fair value movement on derivatives	(3,730,347)	(719,184)
Rental expense		
Rental expense/(income) on operating leases	569,218	77,756
Net foreign exchange loss		
Net foreign exchange losses (realised/unrealised)	375,796	215,261

For the year ended 30 June 2022

4 Other income and expenses (continued)

Superannuation expense		
Defined contribution superannuation expense	2,462,355	2,226,020
Share based payment expense		
Share payment expenses related to commercial entities	2,174,593	3,624,193
Finance expense		
Lease liability interest (AASB 16)	431,092	586,717
Interest on preferred shares	1,371,485	862,920
Interest on convertible loans	2,762,430	2,308,882
Loan interest - MDF HAC	-	15,882
	4,565,007	**3,774,401**

Shared based payment expenses included in Employee benefits Expenses in the Statement of Profit or Loss and further information in Note 22.

5 Cash and cash equivalents

	Consolidated	
	2022	2021
	$	$
Current		
Cash at bank	57,228,989	64,305,791
Cash on hand	-	2,049
Cash in transit	2,600,000	2,600,000
	59,828,989	**66,907,840**

Accounting Policy for Cash

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of up to six months that are subject to an insignificant risk of change in value.

For the year ended 30 June 2022

6 Trade and other receivables

	Consolidated	
	2022	2021
	$	$
Current		
Trade receivables	5,427,979	19,261,440
Other receivables	(885)	-
	5,427,094	19,261,440

<u>Accounting Policy for Trade Receivables</u>

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent invoicing experience and historical collection rates.

The consolidated entity does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

Judgements and Estimates

Assessing expected credit losses involves judgement and estimates. Past history and known events are used when determining the calculation.

For the year ended 30 June 2022

7 Other assets

	Consolidated	
	2022	2021
	$	$
Current		
Deposits and bonds	418,200	783,489
Other receivables	71,880	55,230
	490,080	**838,719**
Non-current		
Security deposit	**840,000**	**1,190,000**

Accounting Policy for Other Assets

Other assets are recognised at amortised cost, less any allowance for expected credit losses. These amounts generally arise from transactions outside the usual operating activities, interest may be charged.

8 Prepayments

	Consolidated	
	2022	2021
	$	$
Current		
Prepayments	810,478	1,893,945

Accounting Policy for Prepayments

Prepayments are recognised at amortised cost. They relate to payments made for future goods or services.

For the year ended 30 June 2022

9 Investments

	Consolidated	
	2022	2021
	$	$
Non-current		
Financial assets at fair value through other comprehensive income (prior year available-for-sale financial assets in listed corporations	8,677,258	9,267,568
Term deposits/bank bills	-	250,000
	8,677,258	**9,517,568**

The following unrealised and realised gains/losses were recognized in other comprehensive income in the year.

	Consolidated	
	2022	2021
	$	$
Unrealised revaluation gains/(losses)	(1,187,899)	(82,968)
Realised gain/(loss) on disposal of investments	-	1,106,514
	(1,187,899)	**1,023,546**

<u>Accounting Policy for Investments</u>

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at fair value, using the closing bid price on the relevant stock exchange.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

On disposal, any related balance within the FVOCI (fair value through other comprehensive income) reserve is reclassified to retained earnings.

For the year ended 30 June 2022

10 Income tax expense

	Note	Consolidated 2022 $	Consolidated 2021 $
Current tax			
Current tax on profits for the year		(546,523)	676,958
Tax paid (overseas entities)		-	(77,664)
Adjustments for current tax of prior periods		979,800	(196,081)
Total current tax expense		**433,277**	**403,213**
Deferred income tax			
(Increase) decrease in deferred tax		(544,087)	(7,955,993)
Over/under provisions		620,194	(390,212)
Total deferred tax (benefit) expense	11	**76,107**	**(8,346,205)**
Income tax expense (benefit)		**509,384**	**(7,942,992)**
Income tax expense (benefit) is attributable to:			
Profit (loss) from continuing operation		**(509,384)**	(8,147,081)
Profit (loss) from discontinued operation		-	204,089
		(509,384)	(7,942,992)

For the year ended 30 June 2022

10 Income tax expense (continued)

Reconciliation of income tax expense to prima facie tax payable

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the parent entity of 30% (2021: 30%) and the reported tax expense in profit or loss are as follows:

	Consolidated	
	2021	2020
	$	$
Profit (loss) from continuing operations before income tax expense	(10,770,692)	(17,274,978)
Profit (loss) from discontinued operations before income tax expense	(3,802,158)	(3,164,345)
	(14,572,850)	(20,439,323)
Tax at the Australian tax rate of 30% (2021: 30%)	(4,371,855)	(6,131,797)
Tax effect of amounts which are not deductible		
Adjustment for not-for-profit status of parent entity	(971,821)	(2,137,065)
Temporary/permanent difference	-	(859,458)
Over/under provisions of current tax liability in prior year	767,703	(196,081)
Over/under provisions of deferred tax in prior year	620,194	271,954
Over/under accruals in current year	212,096	-
Share of loss in equity - accounted investments	79,260	-
CFC attributed income	2,109,631	-
Long Term Incentive Plan	460,473	-
Estimated denial of debt deductions	707,305	-
Other non-deductible expenses	484,952	719,243
Non-deductible interest expense - GM preference shares	411,446	-
Tax paid overseas	-	390,212
Income tax attributable to the Group	**509,384**	**(7,942,992)**

For the year ended 30 June 2022

11 Deferred tax

	Consolidated 2022 $	Consolidated 2021 $
The balance comprises temporary differences attributable to:		
Lease liabilities	-	1,058,405
Right of use assets	-	(1,026,041)
Business acquisition	-	(419,514)
Provisions	78,829	822,744
Accrued expenditure	62,188	68,750
Foreign exchange	19,733	631,566
Donations	1,800,000	2,593,247
Other items	139,353	166,695
Legal fees		-
Gain on preference share value	(1,084,650)	-
Tax losses carried forward	10,509,564	9,950,035
Total deferred tax assets	**11,525,017**	**13,845,887**
Movements		
Opening balance	13,845,887	5,021,848
Credited (charged) to profit or loss	(76,108)	8,824,039
Credited (charged) to other comprehensive income	-	-
Transferred out due to George Clinical Pty Limited held for sale presentation	(2,244,762)	-
Closing balance	**11,525,017**	**13,845,887**

For the year ended 30 June 2022

11 Deferred tax (continued)

Deferred tax assets are recognised to the extent that it is probable that the Consolidated Entity will be able to utilise it against future taxable income, based on the Consolidated Entity's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

All deferred tax assets (including tax losses and other tax credits) have been recognised in the Consolidated Statement of Financial Position.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

	Tax losses	Other	Total
At 1 July 2020	4,003,477	1,018,371	5,021,848
Credited (charged):			
To profit or loss	5,946,557	2,877,482	8,824,039
To other comprehensive income	-	-	-
At 30 June 2021	**9,950,034**	**3,895,853**	**13,845,887**
At 1 July 2021	9,950,034	3,895,853	13,845,887
Credited (charged):			
To profit or loss	559,530	(635,638)	(76,108)
To other comprehensive income	-	-	-
Transferred out due to George Clinical Pty Limited held for sale presentation	-	(2,244,762)	(2,244,762)
At 30 June 2022	**10,509,564**	**1,015,453**	**11,525,017**

For the year ended 30 June 2022

12 Property, Plant & Equipment

	Consolidated 2022 $	Consolidated 2021 $
Non-current		
Furniture, fixtures and equipment		
At cost	11,360,964	13,335,449
Less accumulated depreciation	(8,199,563)	(8,670,761)
	3,161,401	**4,664,688**

Movement in Carrying Amounts

Movements in carrying amount for each class of plant and equipment between the beginning and the end of the current financial year:

	Consolidated 2022 $	Consolidated 2021 $
Carrying amount at the beginning of the year	4,664,688	5,490,957
Additions at cost	392,925	391,964
Disposal	(7,112)	(71,020)
Exchange differences	33,218	521,759
Depreciation expense	(1,007,355)	(1,668,972)
Held for sale	(859,406)	-
Ellen deconsolidation	(55,557)	-
Carrying amount at the end of the year	3,161,401	4,664,688

Accounting Policy for Furniture, Fixtures and equipment

Each class of furniture, fittings and equipment (FF&E) is carried at cost, less, where applicable, accumulated depreciation and impairment losses.

Depreciation

Items of the FF&E are depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

For the year ended 30 June 2022

12 Property, Plant & Equipment (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Furniture, fittings and equipment	10% - 33.33%
Motor vehicle	Over the life of the project

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

Motor vehicles are purchased purely for the purpose of running specific projects hence depreciated over the life of specific projects.

For the year ended 30 June 2022

13 Goodwill and intangible assets

	Consolidated	
	2022	2021
	$	$
Non-current		
Goodwill		
Vector Oncology	-	7,184,124
Peritoneal dialysis system	-	419,514
	-	**7,603,638**
Intangible assets		
Trademark - at cost	141,509	226,612
Backlog - at fair value	-	206,172
Customer relationships - at fair value	-	-
Polypill - Intellectual Property (GMRx1)	-	-
Peritoneal dialysis system - Intellectual Property	-	1,398,380
	141,509	**1,831,164**

Movements in Carrying Amount

Movements in carrying amount for each class of intangible assets between the beginning and the end of the current financial year:

2022	Goodwill $	Trademark $	Backlog $	Polypill/ Dialysis Development $	Customer Relationships $
Carrying amount as at 1 July 2021	7,603,638	226,612	206,172	1,398,380	-
Held for sale presentation for George Clinical Pty Limited	(7,840,070)	-	(206,172)	-	-
Exchange differences	655,946	-	-	-	-
Deconsolidation of Ellen Medical Devices Pty Limited	(419,514)	-	-	(1,398,380)	-
Amortisation expense	-	(85,103)	-	-	-
Carrying amount as at 30 June 2022	-	**141,509**	-	-	-

For the year ended 30 June 2022

13 Goodwill and intangible assets (continued)

2021	Goodwill $	Trademark $	Backlog $	Polypill/Dialysis Development $	Customer Relationships $
Carrying amount as at 1 July 2020	8,289,286	220,678	496,868	12,202,258	251,955
Acquisitions through business combination	-	-	-	-	-
Additions	-	5,934	-	-	-
Amortisation expense	-	-	(250,512)	-	(234,848)
Impairment	-	-	-	(10,803,878)	-
Exchange differences	(685,648)	-	(40,184)	-	(17,107)
Carrying amount as at 30 June 2021	**7,603,638**	**226,612**	**206,172**	**1,398,380**	-

Accounting Policy for Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested for impairment at least annually. Any impairment is recognised immediately in the income statement. Subsequent reversals of impairment losses for goodwill are not recognised. Management has compared the carrying value of Goodwill with expected future earnings using a Discounted Cash Flow methodology and concluded that there were no indicators of any impairment at the end of the reporting period.

The goodwill for Peritoneal dialysis system arose from the deferred tax on the intellectual property fair value adjustment required on the acquisition of Ellen Medical and SmartGenRx.

Trademark

Trademarks are recorded at cost. Trademarks have an infinite life and are carried at cost less any impairment losses. They are assessed annually for impairment.

13 Goodwill and intangible assets (continued)

Backlog

An order or production backlog arises from contracts such as purchase or sales orders. Backlog acquired in a business combination meets the contractual-legal criterion even if the purchase or sales orders are cancellable. On acquisition, contracts exist in which the engagement has been sold, yet no cash has been received and services remain to be performed on the contract. These contracts have economic value to the extent that they have the capability of providing a positive earnings stream that exceeds what is required to provide a return on the other assets employed.

Backlogs are recorded at fair value and have a finite life and are carried at cost less any accumulated amortisation and impairment losses. They have an estimated useful life of five years. They are assessed annually for impairment.

Customer Relationships

Customer relationships arise from established relationships with pharmaceutical companies that use the Consolidated Entity's services on a continuous basis. The existence of a recurring revenue stream from these customers helps to establish the existence of a relationship between the Consolidated Entity and its customer base.

Customer Relationships acquired on a business combination are recorded at fair value and have a finite life and are carried at cost less any accumulated amortisation and impairment losses. They have an estimated useful life of four years. They are assessed annually for impairment.

Intellectual Property

The Polypill and Peritoneal dialysis system intellectual property on acquisition by the Consolidated Entity has been assessed as having an infinite life, carried at fair value on acquisition less any accumulated amortisation and impairment losses.

The infinite life will be re-assessed each year. Assets with an infinite life are assessed for impairment each year using a value in use calculation for the cash generating unit or a fair value measurement.

Judgements and Estimates - Intellectual Property and Goodwill

At year end management has completed an impairment assessment of the intangible assets at the smallest cash generating unit. The impairment assessments have been performed using a value in use models, based on the below significant assumptions:

For the year ended 30 June 2022

13 Goodwill and intangible assets (continued)

Dialysis

a) Percentage of patients expected to use the product in
b) Royalty rates
c) Term of 20 years with no terminal value used
d) Discount rates of 28% - post tax
e) Tax rate of 30%
f) Additional development costs to be incurred before release to the market

USA business

a) Expected revenue for 4 years
b) Terminal value based on 6 times multiple
c) Discount rate of 9.38%

14 Trade and other payables

	Consolidated	
	2022	2021
	$	$
Current		
Trade payables	1,681,130	7,589,405
Other payables and accruals	3,815,093	8,662,389
	5,496,223	16,251,794

Accounting Policy for Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

For the year ended 30 June 2022

15 Provisions

	Consolidated	
	2022	2021
	$	$
Current		
Employee benefits - annual leave	2,248,788	3,398,077
Employee benefits - long service leave	1,747,109	1,892,208
Other employee liabilities	2,269,200	3,807,585
	6,265,097	**9,097,870**
Non-current		
Employee benefits - long service leave	**618,092**	**678,070**
Other employee liabilities - Bonus provision		
Carrying amount at the beginning of the year	3,807,585	195,603
Utilised during the year	(2,183,711)	(435,105)
Additional provision recognised	645,326	4,047,087
Carrying amount at the end of the year	**2,269,200**	**3,807,585**

Accounting Policy for Employee Provisions

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the consolidated entity to an employee superannuation fund and are charged as expenses when incurred.

Accounting Policy for Other Employee Liabilities

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

15 Provisions (continued)

Judgement and Estimates

The provision for long service involves judgement and estimates. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

The bonus provision is based on contracts which incorporate key performance indicators that are established each year and approved by the remuneration committee.

16 Borrowings

	Consolidated	
	2022	2021
	$	$
Current		
HSBC Loan in AUD	-	688,000
HSBC Loan in USD	-	771,482
Total	**-**	**1,459,482**
Non-current		
HSBC Loan in AUD	-	1,712,000
HSBC Loan in USD	-	1,828,518
Total	**-**	**3,540,518**

The borrowings have reduced from 2021 to 2022 as the borrowings related to George Clinical Pty Limited which is now presented as held for sale and discontinued operations. Refer to Note 19.

<u>Accounting Policy for Borrowings</u>

Borrowings are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability.

For the year ended 30 June 2022

17 Other liabilities

	Consolidated	
	2022	2021
	$	$
Current		
Loan - funding agreement (i)	-	2,270,149
Hedge liabilities derivatives (OTM)	1,949	389
1 King St Fit out (v)	300,000	300,000
	301,949	**2,570,538**
Non-current		
Convertible notes (ii)	-	2,170,000
1 King St Fit-Out (v)	1,025,000	1,325,000
Convertible notes (iv)	27,483,024	21,312,620
Preferred shares liability (iii)	9,351,607	6,015,817
Derivative financial liability (iii)	7,019,849	9,214,504
	44,879,480	**40,037,941**

(i) Loan - funding agreement

During 2019, Ellen Medical Devices Pty Limited entered a funding agreement with the Health Administration Corporation for the purpose of supporting the project for the ongoing development of the company's portable dialysis machine.

Financial repayment will begin in the financial year when the company achieves commercial success from the project as measured by the achievement of certain benchmarks in earnings and royalty cash flows.

The loan is no longer consolidated as Ellen Medical Devices Pty Limited is no longer consolidated and is accounted for as an equity investment. Refer to Note 21.

Interest is accrued and capitalised to the loan at a current rate of CPI. The loan has been classified as current as there is no unconditional right to defer for at least 12 months after the reporting period.

In the event that the company does not achieve commercial success from the project as measured by the achievement of certain benchmarks in earnings and royalty cash flows the company will have no obligation to repay and the loan will lapse.

For the year ended 30 June 2022

17 Other liabilities (continued)

	Consolidated	
	2022	2021
	$	$
Opening loan balance	2,270,149	2,254,267
CPI capitalised interest	-	15,882
Deconsolidation of Ellen Medical Devices Pty Ltd	(2,270,149)	-
Closing balance	-	**2,270,149**

(ii) Convertible notes

Ellen Medical Devices Pty Limited entered an agreement with Paul Ramsay Holdings Pty Limited to invest up to $2,170,000 by way of a non-interest bearing convertible note and has drawn down the full balance.

The terms of the convertible note include:

- Interest does not accrue and is not payable,
- The instrument is non-recourse and is not redeemable or otherwise payable except in the event of default by the company, and
- Conversion is on the achievement of milestones and a conversion trigger. A conversion trigger is either:
  - The issue of additional equity to external investors (which will not include existing shareholders), in which case the note holder is entitled to convert the face value of the note at a discount of 20%, unless the note holder waives the discount entitlement, or
  - The company and the note holder mutually agree to convert at a price that both parties negotiate in good faith, or as determined by an independent valuer.

In the event that the milestone or conversion trigger is not met the company will have no obligation to repay and the convertible note will lapse. To date a conversion trigger has not been met. The convertible note is classified as non-current as it will only ever be paid in shares.

This does not apply during the current year due to the deconsolidation of Ellen Medical Devices Pty Ltd.

(iii) Preferred shares

During the prior year George Medicines Pty Ltd issued Series A Preferred Shares to MRCF BTF. Up to $20,000,000 will be invested by MRCF BTF and will be based on pre-agreed, clear and measurable milestones, provided in tranches. The first tranche of $5,000,000 was received by the Consolidated Entity in the prior year, and the second tranche of $10,000,000 was received in the current year.

The preferred shareholder has the right to redeem the funds after 5 years, and is therefore a financial liability to be recognised initially at the amount of the funds received.

17 Other liabilities (continued)

The rights of the Series A Preferred Shares include:

- Voting rights
- Preferred dividends
- Redemption
- Liquidation preferences
- Conversion rights
- Anti-dilution protection
- Right of first refusal
- Drag-along rights
- Tag rights
- Information rights
- Pay to play

Preferred shares issued have an underlying derivative financial liability which is measured at fair value and disclosed separately to the preferred share liability. The preferred share liability is recorded at amortised cost and includes accrued interest at an implied interest rate of 21.4%.

	Preferred shares liability	Derivative financial liability	Total
Opening balance	(6,015,817)	(9,214,504)	(15,230,321)
Second tranche draw down	(1,964,305)	(1,535,693)	(3,499,998)
Fair value adjustment	-	3,730,348	3,730,348
Interest expense	(1,371,485)		(1,371,485)
Closing balance	**(9,351,607)**	**(7,019,849)**	**(16,371,456)**

(iv) Convertible notes

During the prior year the George Health Enterprises Pty Limited issued two 5 year convertible notes totalling $25,000,000, comprising a $15,000,000 secured convertible note to Federation and a further $10,000,000 secured convertible note to BUPA. Funds are to be drawn down in two tranches of 50%, the second of which was made during the year.

The terms of the convertible notes are identical and include:

- Either full conversion into shares of GHE or full redemption.
- Conversion at any time, at the holder's option, within 4 years of the issue date (a decision to redeem must be made by the 4th anniversary).
- The price of the conversion has been agreed and fixed at 97.04751 cents per share.

17 Other liabilities (continued)

Interest has been accrued on the convertible notes at 6% and discounted to present value, with the difference being allocated to equity (convertible notes reserve).

	Consolidated	
	2022	2021
Opening convertible notes balance	21,312,620	7,533,137
Trench 2 draw down	3,407,973	11,470,600
Accrued interest for the year	2,762,431	2,308,883
Closing convertible note balance	**27,483,024**	**21,312,620**

(v) Fit-out

The Consolidated Entity on entering into the lease at 1 King Street Newtown received a contribution to the fit-out of $3,000,000. This was capitalised in furniture and fittings with a corresponding liability. The liability is amortised over the life of the lease. The balance at the end of the reporting period was $1,325,000.

Accounting Policy for Loans and Convertible Notes

Borrowings are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability.

Convertible notes that are settled by issuing a variable number of equity instruments are accounted for as a financial liability. The debt host component of convertible notes is treated as a borrowing to be accounted for at amortised cost.

Derivative contracts (including those embedded in debt host contracts that are not closely related to the debt agreement) are separately accounted for at fair value with adjustments to profit or loss.

Judgement and estimates

The repayment of the loan is capped at the amount originally received from the lender. At initial recognition, the loan's fair value on initial recognition is deemed to be equal to the capped amount, which represents the net settlement amount of the loan.

As the convertible note with Paul Ramsey Holdings Pty Ltd will only ever be paid in shares the note is classified as non-current (refer to (ii) above).

The embedded derivative has been fair valued at year end by an independent valuer, using the monte carlo valuation methodology. The fair value will be reassessed on an annual basis. Interest accrued on the debt component of the preferred share liability has been calculated using the implied interest rate in the external valuation report obtained for the financial year.

Convertible notes issued during the year at (iv) above have interest accrued at the effective interest rate as determined by an external cost of debt report obtained for the financial year.

For the year ended 30 June 2022

18 Leases

(i) Amount recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	Consolidated 2022 $	Consolidated 2021 $
Right-of-use assets		
Property	6,965,941	12,008,539
	6,965,941	**12,008,539**
Lease liabilities		
Current	1,642,041	2,469,305
Non-current	6,292,983	10,531,594
	7,935,024	**13,000,899**
Movement in right of use assets during the year		
Opening balance	12,008,539	14,779,988
New leases	384,796	345,096
Amortisation - The George Institute of Global Health	(1,348,517)	(3,043,723)
Amortisation - George Clinical held for sale	(1,517,122)	-
Foreign exchange adjustments	(19,703)	(72,822)
Transfer to held for sale	(2,542,052)	-
Closing balance	**6,965,941**	**12,008,539**

Additions of the right-of-use assets during the year ended 30 June 2022 were $384,796 (2021 : $345,096).

	2022 $	2021 $
Movement in lease liabilities during the year		
Opening balance	13,000,899	15,393,166
Repayments during the year	(3,424,769)	(3,146,241)
Interest expense	689,374	861,479
New leases	384,796	-
Modifications to existing leases	-	345,096
Foreign exchange adjustments	159,593	(452,601)
Transfer to held for sale	(2,874,869)	-
Closing balance	**7,935,024**	**13,000,899**

Future lease payments in relation to lease liabilities as at period end are as follows:	2022 $	2021 $
Within one year	2,033,655	2,103,409
Later than one year but not later than five years	6,488,057	7,684,030
Later than five years	51,105	888,787
	8,572,817	**10,676,226**

For the year ended 30 June 2022

18 Leases (continued)

(ii) Amount recognised in profit or loss

The following amounts relating to leases are recognised in profit or loss:

	Consolidated	
	2022	2021
	$	$
Depreciation charge of right-of-use assets		
Property	1,348,517	3,043,723
Interest expense (included in finance costs)	431,092	586,717
Rental payment	2,103,409	-
Expense relating to low-value leases (included in lease rental expense)	40,403	57,416
Expense relating to short-term leases (included in lease rental expense)	133,939	721,697

The total cash outflow for lease for the year ended 30 June 2022 was $2,277,751. (2021: total cash outflow of $4,300,862).

(iii) The Consolidated Entity's leasing activities and how these are accounted for

The Consolidated Entity leases properties. Rental contracts are typically made for fixed periods of 3 to 5 years, but may have extension options as described in (iv) below, for a period of 2 to 5 years.

Contracts may contain lease components. The Consolidated Entity allocates the consideration in the contract to the lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Consolidated Entity under residual value guarantees
- the exercise price of a purchase option if the Consolidated Entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Consolidated Entity exercising that option.

For the year ended 30 June 2022

18 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Consolidated Entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Consolidated Entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Consolidated Entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

(iv) Judgements and Estimates

Lease term
The determination of the lease term requires management judgement regarding whether extension options are reasonably certain to be exercised. Whilst each lease is assessed individually, in general, for property leases the next option is considered reasonably certain, however subsequent options are not reasonably certain as management believe these are too far into the future to be reasonably certain.

18 Leases (continued)

Incremental borrowing rate

The Consolidated Entity are not able to determine the interest rate implicit in the lease for a large number of lease. Therefore, management have determined the incremental borrowing rate taking into consideration entity and asset specific factors relevant to each lease.

Extension and termination options

Extension and termination options are included in a number of property leases across the Consolidated Entity. The majority of extension and termination options held are exercisable only by the Consolidated Entity and not by the respective lessor.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Consolidated Entity becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

For the year ended 30 June 2022

19 Discontinued operations

a) Description

During the year, management determined that George Clinical Pty Limited would be marketed for sale consistent with its longer term strategy of returning capital to shareholders and putting George Clinical Pty Limited in a shareholding structure that can fund its future growth. Prior to year end third party advisors were engaged to commence the sale process. The sale is expected to close in Q2-Q3 FY23.

The gain (loss) from discontinued operations presented in the statement of profit or loss and other comprehensive income relates to:

	2022	2021
	$	$
Revenue	70,747,951	63,626,756
Other income	242,559	1,978,806
	70,990,510	65,605,562
Employee benefits expense	(42,758,888)	(31,958,993)
Depreciation and amortisation expense	(2,230,276)	(2,513,572)
Rental expense	(80,030)	(109,273)
Administration expense	(2,921,061)	(2,361,734)
Study contract fee	(8,817,134)	(11,672,275)
Consultants and sub-contractors fee	(2,987,684)	(7,694,805)
Finance costs	(242,271)	(274,761)
Travel/Accommodation costs	(397,478)	(83,139)
Shared service fee	(922,398)	(824,492)
Other expenses	(4,418,976)	(4,948,173)
Patient recruitment expense	(447)	-
Profit (loss) before income tax	5,213,867	3,164,345
Income tax benefit	(4,453,372)	204,089
Profit (loss) after tax from discontinued operations	760,495	3,368,434
Gain (loss) on the sale of the subsidiary after income tax	-	-
Intercompany revenue transaction between George Clinical and George Medicine	(5,961,820)	-
Intercompany net revenue and expense transactions between George Clinical Pty Limited and The George Institute for Global Health	1,399,167	-
	(3,802,158)	**3,368,434**

19 Discontinued operations (continued)

The George Clinical Pty Limited stand alone financial statements show a profit of $760,495. However, within those accounts there is a $5.9 million revenue transaction between George Clinical and George Medicine Pty Ltd.This transaction is eliminated within the George Health Enterprise financial statements. This is further adjusted by intercompany revenue and expense transactions between The George Institute for Global Health and George Cinical of $1.4 millon resulting in a loss of $3,802,158.

b) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2022:

	2022 $	2021 $
Assets classified as held for sale		
Cash and cash equivalents	8,462,995	-
Trade and other receivables	12,510,926	-
Other financial assets	625,922	-
Prepayments	1,933,231	-
Contract assets	24,752,967	-
Furniture and equipment	949,175	-
Goodwill	7,840,070	-
Intangible assets	169,886	-
Right-of-use assets	2,542,052	-
Deferred tax assets	2,358,630	-
Investments	436,705	
Total assets of disposal group held for sale	**62,582,559**	-
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	4,601,802	-
Income tax payable	4,068,028	-
Lease liabilities	2,861,748	-
Contract liabilities	23,889,620	-
Borrowings	3,678,248	-
Provisions	3,338,332	-
Total liabilities of disposal group held for sale	**42,437,778**	-

c) Net cash flows of discontinued operations

The net cash flows attributable to the operating, investing and financing activities of discontinued operations during the year ended 30 June 2022 are listed below:

Net cash inflow (outflow) from operating activities	5,514,642
Net cash inflow (outflow) from investing activities	(1,096,100)
Net cash inflow(outflow) from financing activities	(3,730,150)

For the year ended 30 June 2022

19 Discontinued operations (continued)

Accounting Policy for Non-current Assets or Disposal Groups Classified as Held for Sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

For the year ended 30 June 2022

20 Parent entity disclosures

Set out below is the supplementary information about the parent company.

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	$	$
Results of parent entity		
Profit/(deficit) for the year	5,863,210	10,894,398
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss) for the year	**5,863,210**	**10,894,398**

Statement of financial position

Current assets	45,942,096	42,424,468
Non-current assets	43,118,014	45,005,944
Total assets	**89,060,110**	**87,430,412**
Current liabilities	43,490,247	44,609,478
Non-current liabilities	8,401,665	10,317,513
Total liabilities	**51,891,912**	**54,926,991**
Total equity of the parent entity comprising of:		
Accumulated surplus	36,223,546	30,360,336
Available-for-sale financial asset reserve	932,128	2,120,027
Cash flow hedge reserve	12,525	23,058
Total equity	**37,168,199**	**32,503,421**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There were no guarantees entered into by the parent entity in relation to the debts of its subsidiaries during the year ended 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments

The parent entity had no capital commitments as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

For the year ended 30 June 2022

21 Related party transactions

	Consolidated 2022 $	Consolidated 2021 $
a) Key management personnel		
Total compensation*	1,624,010	3,952,633

* includes the expense related to the granting of the Founders Equity Plan.

b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Notes 1(a).

Company name	Principal place of business and incorporation	Ownership interest 2022 %	Ownership interest 2021 %
George Institute Ventures Pty Limited	Australia	100	100
The George Foundation for Global Health Ltd	Australia	100	100
George Institute for Global Health	China	100	100
The George Institute for Global Health (UK)	United Kingdom	100	100
George Institute for Global Health	India	100	100
George Health Enterprises Pty Limited	Australia	82	82
George Institute Services India Private Limited	India	100	100
The below subsidiaries are owned by George Health Enterprises Pty Limited:			
George Clinical Pty Ltd	Australia	100	100
George Partners Limited	United Kingdom	100	100
Academic Alliance for Clinical Trials LLP	United States	100	100
Beijing George Medical Research Co. Ltd	China	100	100
George Health Technologies Pty Ltd	Australia	100	100
George Health Enterprises UK Limited	United Kingdom	100	100
George Medicines Pty Limited	Australia	100	100
SmartGenRx Pty Ltd	Australia	100	100
The below subsidiaries are owned by George Clinical:			
George Clinical India Private Ltd	India	100	100
George Clinical Asia Pacific Limited	Hong Kong	100	100
George Clinical (UK) Limited	United Kingdom	100	100
George Clinical Inc.	United States	100	100
George Clinical Singapore Pte. Ltd	Singapore	100	100
George Clinical Netherlands BV	Netherlands	100	100
George (Beijing) Health Technology Co. Ltd	China	100	100

For the year ended 30 June 2022

21 Related party transactions (continued)

c) Associate	Consolidated	
	2022	2021
Investments accounted for using the equity method	$	$
Non-current		
Investment in associate	593,296	-

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Company name	Principal place of business and incorporation	Ownership interest 2022 %	2021 %
Ellen Medical Devices Pty Ltd	Australia	41	55

During the year there was a capital raise which resulted in George Health Enterprises no longer maintaining control over Ellen Medical Devices Pty Ltd and their ownership interest changed from 55% to 41%. However, George Health still retained significant influence despite loss of control and therefore now accounts for Ellen Medical Devices Pty Ltd as an investment in associate using equity method accounting.

As a result of this change, there is no longer any non controlling interest presented on the balance sheet in relation to Ellen Medical Devices Pty Limited.

Accounting Policy for Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

For the year ended 30 June 2022

21 Related party transactions (continued)

c) Loans to/(from) parent entity to 100% related parties

	Consolidated	
	2022	2021
	$	$
George Clinical Pty Ltd	170,538	109,458
George Clinical Asia Pacific Limited	(1,188,036)	45,344
George Health Enterprises Pty Ltd	21,350	18,243
George Medicines Pty Ltd	26,340	45,768
George Health Enterprises UK Ltd	(5,150)	-
George Institute Ventures Pty Ltd	54,814	24,023
George Institute for Global Health (India)	(186,318)	(674,307)
George Partners Limited	(208,714)	(209,703)
George Health Technologies Pty Limited	3,219	(3,539)
George Institute/George Institute Ventures	327,818	-
	(984,139)	**(644,713)**

The above loans eliminate on consolidation.

d) Loans to/(from) Group to other related parties

	Consolidated	
	2022	2021
	$	$
Ellen Medical Pty Ltd	413,498	49,302
	413,498	**49,302**

e) Transactions with related parties

	Consolidated	
	2022	2021
	$	$
George Health Enterprise Limited Consolidated Group	184,977	243,614
Ellen Medical Pty Ltd	6,699	43,962
George Clinical Asia Pacific Limited	(3,328,859)	1,466,463
George Institute for Global Health (India)	(2,973,325)	(2,259,414)
George Institute Ventures	30,791	18,905
George Partners Limited	(940,650)	(672,522)
George Clinical	(184,977)	-
	(7,205,344)	**(1,158,992)**

22 Share based payments

Share Appreciation Rights (SAR)

A small number of executives in The George Institute for Global Health Limited and its subsidiaries, receive remuneration in the form of granted share appreciation rights (SAR). Each SAR provided a participant with a potential entitlement to a LTI outcome in the form of shares or, if the Board determines, in cash payments(s) of equivalent value, plus a potential entitlement to notional "dividends".

The estimation of the fair value of share based payment awards such as SARs requires judgement with respect to the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions.

A description of the general terms and conditions of the SAR arrangements that were granted during the period or granted in prior years and not lapsed, covering vesting requirements, grant date and valuation methodologies used for the award etc. is shown in table below:

LTI Plan	Award Type	Vesting/ Performance Condition	Grant Date(s)	Exercise Date	Average Exercise Price	Valuation Method	Expected Life
George Health Enterprises Pty Ltd (GHE)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	27 September 2021	1 January 2025	$0.834	Binomial Tree	3.3 years
George Health Enterprises Pty Ltd (GHE)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	13 April 2018 -1 January 2021	31 August 2021 - 31 December 2025	$0.62	Binomial Tree	0.2 years- 4.5 years
GHE Subsidiary George Medicines Py Ltd (GM)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	26 March 2018	31 August 2021	$1	Binomial Tree	0.2 years
GHE Subsidiary George Medicines Py Ltd (GM)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	4 May 2021	1 January 2025	$1.27	Binomial Tree	1.2 years to 1.4 years

For the year ended 30 June 2022

22 Share based payments (continued)

LTI Plan	Award Type	Vesting/Perf	Grant	Exercise	Average	Valuation	Expected Life
GHE Subsidiary George Medicines Py Ltd (GM)	Performance Options/	Time Based Service Condition (non-market)	1 November 2021 - 1 March 2022	1 January 2026 - 1 July 2026	$1.00	Binomial Tree	4 years

Total number of options granted in George Health Enterprises Pty Limited during the period was 1,017,106 (2021: 1,056,735). The expense in the year was $701,988 (2021: $524,736). No options were exercised during the period ending 30 June 2022 in the consolidated entity.

The total number of Options granted during the period was 4,062,500 (2021: SARs granted 400,000). The expense in the year was $832,923 (2021: $42,310). The balance of 650,000 SARs at the start of the year was modified by way of cancellation and replacement during the period ended 30 June 2022. The weighted average exercise price of the Options, per Option, as of 30 June 2022 is $1.00 (2021: Per SAR $1.00). The share based payment expense of the SAR transaction were determined by the fair value at the date when the grants were made using an appropriate valuation model as outlined above.

Movements in the number of Options during the year:

	2022 No. of Options	2021 No. of Options
Balance at the beginning of the year	8,704,235	7,247,500
Granted	4,429,606	1,456,735
Exercised	-	-
Lapsed	-	-
Balance at the end of the year	13,133,841	8,704,235

22 Share based payments (continued)

Judgements and Estimates Relevant for SARs and FNS

Allocation

The allocation is the percentage of the respective company value in excess of the exercise price, where applicable, that the SAR and FNS holder will be entitle to, if the SARs and FNS vest.

Volatility

The volatility assumption is representative of the level of uncertainty expected in the movements of the respective Company's valuation over the life of the award.

Expected life

For reasons including non-transferability, risk aversion, taxation and wealth diversification, holders of such awards often exercise their entitlements differently to how they might be expected to, ignoring these factors. AASB 2 requires the consideration of these factors, for instance by using an expected life for awards which is less than the contracted life.

The SARs vest at the earlier of a liquidity event, change of control event or the end of the performance period. The commercial subsidiaries have determined an estimated vesting date following the end of the performance period. Once vested the SARs also remain in force indefinitely and do not lapse.

The FNS vest if the value of The George Institute for Global Health's stake in the George Institute Ventures Pty Limited is at least equal to AU$100m at the end of the vesting period, or if George Institute Ventures Pty Ltd and its consolidated entities has made a contribution of at least AU$100m to The George Institute for Global Health.

SARs and FNS will have the highest value when exercised immediately upon vesting, as the holder becomes entitled to receive dividends upon exercise. Therefore, we assume that the SARs will be exercised at the first opportunity.

Risk Free interest rate

The risk-free interest rate is the rate of return that would be expected on a riskless investment with term to maturity equal to the expected life of the award. The risk-free interest rate derived from the implied zero coupon yield from Australian government bonds. The risk-free interest rate is expressed as a continually compoundable rate.

22 Share based payments (continued)

Dividends

George Health Enterprises Pty Ltd and its subsidiaries do not expect to pay dividends over the life of the SARs and FNS. Special dividends are payable to SAR holders at the end of the performance period, provided there has been no liquidity event or change of control and none is envisaged within the 24 months following the end of the performance period. In this circumstances, an annual dividend is payable to fully vested SARs holders based on the company's dividend policy.

FNS holders are entitled to dividend equivalent amounts.

Impact of dilution

The consolidated entity expects the SARs and FNS to be settled with newly issued shares. As such, the dilution impact of the SARs and FNS awarded has been determined to be a materially impacted factor in the calculation of the value of the awards. Accordingly, the fair value of the SARs and FNS are adjusted for potential dilution.

For the year ended 30 June 2022

23 Cash flow information

	Consolidated 2022 $	Consolidated 2021 $
a. Reconciliation of Cash		
Cash at Bank	57,228,989	64,305,791
Cash on hand	-	2,049
	57,228,989	**64,307,840**
b. Reconciliation of Net Cash Generated by Operating Activities with (Loss) / Profit after Income Tax		
(Loss)/Profit after income tax	(15,082,234)	(9,127,897)
Non cash flow:		
Depreciation and amortisation expense	4,630,660	5,198,055
Non-cash employee benefits expense - share based payments	2,174,593	3,624,193
Net exchange differences	721,335	(2,505,067)
Loss on disposal	2,438	-
FV on derivative	(3,730,348)	(577,838)
P&L on associate accounting of Ellen Medical Devices	264,199	
Gain on deconsolidation of Ellen Medical Devices	(3,005,662)	
Fit-out	(300,000)	
Interest	4,584,466	3,991,294
Impairment	-	10,844,054
Other	-	(1,420,012)
Changes in assets and liabilities;		
Decrease/(increase) in trade and other receivables	1,463,438	(5,468,240)
Decrease/(increase) in other assets and prepayments	(848,879)	(372,627)
Decrease/(increase) in bond monies	50,114	
(Decrease)/increase in trade and other payables	(4,732,965)	5,899,911
(Increase)/Decrease in accrued income	(6,277,741)	2,123,817
Increase/(Decrease) in provisions	849,716	4,023,656
Increase in deferred income	-	9,108,706
Increase/(Decrease) in contract liabilities	16,806,153	-
(Increase)/Decrease in future income tax benefit	233,076	(8,824,039)
Increase in income tax provision in current account	3,385,810	-
Net Cash (used in) / generated from operating activities	**1,188,169**	**16,517,966**

For the year ended 30 June 2022

24 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Limited, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2022	2021
	$	$
BDO Audit Pty Limited		
Audit of the financial statements	256,000	203,200
Other services		
Preparation of financial statements	33,860	32,860
Other non-audit services		
Total non-audit services	**33,860**	**32,860**

25 Contingent assets and contingent liabilities

As a result of the potential sale of George Clinical Pty Limited management engaged third party advisors to assist with the sale process. The advisors are due a transaction fee as a result of their efforts in assisting with the sale.

26 Commitments

The Group does not have any capital commitments as at 30 June 2022 (2021: nil).

27 Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the Company's state of affairs in future financial years.

28 Additional company information

The registered office of the George Institute for Global Health Limited and its principal place of business is:

Registered office:
Level 5, 1 King Street, Newtown, NSW 2042 Australia

Principal place of business:
Level 5, 1 King Street, Newtown, NSW 2042 Australia

The George Institute for Global Health and Controlled Entities
Directors' Declaration

For the year ended 30 June 2022

The directors of the Company declare that:

1 The attached financial statements comprising the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity, and accompanying notes to the financial statements, are in accordance with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-Profits Commission Act 2012 and the Charitable Fundraising Act 1991 and associated regulations, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

2 The attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date;

3 As at the date of this report, there are reasonable grounds to believe that The George Institute for Global Health will be able to pay its debt as and when they fall due.

4 The Company has taken reasonable steps to comply with the Charitable Fundraising Act 1991, the regulations and the conditions of the authority.

5 The Company has appropriate and effective internal controls for fundraising.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors

David Hugh Armstrong (Chair)
Director

Sydney
Date 28 November 2022

Stephen William MacMahon AO
Director

Sydney
Date 28 NOV 2022

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of The George Institute for Global Health

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The George Institute for Global Health (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of The George Institute for Global Health, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsible entities of the registered entity are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

L Russell

Leah Russell

Director

Sydney, 29 November 2022