Financial Report

For the year ended 30 June 2014

THE GEORGE INSTITUTE FOR GLOBAL HEALTH
AND CONTROLLED ENTITIES

A PUBLIC COMPANY LIMITED BY GUARANTEE

ABN: 90 085 953 331

DIRECTORS' REPORT

The Directors present this report on Consolidated Entity consisting of The George Institute for Global Health (the "Company") and the entities it controlled for the financial year ended 30 June 2014.

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:

Michael John Hawker AM (Chair)
Donald Gordon Green (Deputy Chair)
Catherine Brighid Livingstone AO
Elsa Fawzia Atkin AM
Gina Nancy McGregor Anderson
Jason Yat-sen Li
Joanna Susan Capon OAM
Peter Campbell Church OAM (retired 30 August 2013)
Russell Aboud (appointed 30 August 2013)
Eric Paul McClintock (appointed 1 October 2013)
Stephen William MacMahon
Robyn Ngaire Norton

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

Company Secretary

Carolyne Jennifer Rodger held the position of Company Secretary during the financial year and 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 continue to be a world-leading 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 that is designed to guide its work in its core business of research and in its operations globally.

Principal Activities

The principal activity of the Consolidated Entity during the financial year was to undertake clinical and epidemiological research.

No significant changes in the nature of the activity occurred during the financial year.

How Principal Activities Contributed to Objectives

- The strengthening of our research in Australia on health care delivery systems;
- The strengthening of research activities in China, India and UK;
- The gaining of peer-reviewed research grants through the National Health and Medical Research Council (NHMRC) in Australia;
- The publication of scientific papers in prestige peer-reviewed journals; and
- The development of new social enterprises.

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 (equity)

Operating Results

The surplus of the Consolidated Entity for the financial year ended 30 June 2014 amounted to $16,825 (2013: Surplus $1,592,653).

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.

Review of Operations

The year has been one of growth and careful management of expenses. Revenue increased by 17% from the previous year with both the Institute and George Clinical winning new work and increasing activity on existing projects.

The change by the Federal Government to the timing of research funding impacted the cash flow as funding previously received three months in advance changed to one month in arrears.

Two large George Clinical projects came to an end during the year and a delay in the start of a new project resulted in a modest surplus for the year of $16,825 (2013: surplus $1,592,653). This added to the capital base of the Consolidated Entity.

Significant Changes in State of Affairs

No significant changes in the Consolidated Entity's state of affairs occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity 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

No options over issued shares or interests in the Consolidated Entity were granted during or since the end of the financial year, and there were no options outstanding at the date of this Report.

INFORMATION ON DIRECTORS

Michael John Hawker AM	Chair / Non-Executive Director
Qualifications	BSc (Syd), FAICD, FAIM, SF Fin
Experience	Non-Executive Director – Aviva Plc Group (UK) Non-Executive Director – Macquarie Group Limited and Macquarie Bank Limited Non-Executive Director – Washington H. Soul Pattinson and Company Limited Chair / Non-Executive Director – Australian Rugby Union, and SANZAR Pty Limited Chair – Australian Business and Community Network (ABCN) Foundation Non-Executive Director – Rugby World Cup Limited (RWC) Member – Advisory Council, General Enterprise Management Services International Limited (GEMS) (HK) Member – Executive Committee, International Rugby Board Trustee – Giant Steps Foundation Non-Executive Director – The George Institute for Global Health (UK) Former CEO / Managing Director – Insurance Australia Group Former President – Insurance Council of Australia Former Chair – Australian Financial Markets Association Former Board Member – Geneva Association Former Member – Financial Sector Advisory Council

Donald Gordon Green	Deputy Chair / Non-Executive Director
Qualifications	BBus (NSWIT), LLM (UNSW), FCAA, FCPA
Experience	Senior Partner – Ernst & Young Australia Chair – Taxation Taskforce of Infrastructure Partnerships Australia Former Director – Australian Council for Infrastructure Development

Catherine Brighid Livingstone AO	Non-Executive Director
Qualifications	BA (Hons) (MQ), HonDBus (MQ), HonDSc (MU), FCA, FTSE, FAICD
Experience	Chair / Non-Executive Director – Telstra Corporation Limited Non-Executive Director – Worley Parsons Limited Non-Executive Director – Saluda Medical Pty Ltd President – Australian Museum Trust Member – Advisory Board, John Grill Centre for Project Leadership, University of Sydney Former Non-Executive Director – Macquarie Group Limited and Macquarie Bank Limited Former Member – New South Wales Innovation Council and Productivity

Gina Nancy McGregor Anderson	Non-Executive Director
Qualifications	BA, GAICD
Experience	Advisory Board Member – Australian Charities and Not-for-profits Commission (ACNC) Advisory Board Member – The Initiative on Corporate Philanthropy for The Conference Board, USA. Chair – Women's Community Shelters Limited Philanthropy Fellow – Centre for Social Impact, University of New South Wales Member – City of Sydney Appeals Committee, The Salvation Army Chair –The George Foundation for Global Health Limited Non-Executive Director – GDI Property Group and GDI Funds Management Ltd Former Executive Director and Chief Executive – Philanthropy Australia Former Director – Youth Off The Streets Limited Former Director – Landcare Australia Limited

Elsa Fawzia Atkin	Non-Executive Director
Qualifications	BA
Experience	Non-Executive Director – The George Foundation for Global Health Limited Non-Executive Director – National Trust of Australia (NSW) Non-Executive Director – Synergy & TaikOz Ltd Former Member – NSW Library Council Former Deputy Director – Evatt Foundation Former Senior Executive – Australian Broadcasting Corporation Former member of many Government & non-Government boards, including Symphony Australia, University of Western Sydney (Nepean Campus), and Heritage Council.

Joanna Susan Capon OAM	Non-Executive Director
Qualifications	MA (Syd)
Experience	Board Member – Sydney Children's Hospital Network (Randwick and Westmead) Member – Health Care Quality Committee, Sydney Children's Hospital Network Chair – Operation Art Member – Editorial Advisory Board, Art and Australia Non-Executive Director – The George Foundation for Global Health Limited Former Board Member – Museums and Galleries NSW Former Member – Australia-China Council

Eric Paul McClintock AO	Non-Executive Director (from 1 October 2013)
Qualifications	BA LLM (USYD)
Experience	Chairman of Myer Holdings Limited Chairman of Thales Australia Chairman of NSW Ports Chairman of I-MED Network Director of St Vincent's Health Australia Limited Former Secretary to Cabinet and Head of the Cabinet Policy Unit reporting directly to the Prime Minister as Chairman of Cabinet Former Chair – Medibank Private Limited, COAG Reform Council, Expert Panel of the Low Emissions Technology Demonstration Fund, Intoll Management Limited, Symbion Health, Affinity Health, Ashton Mining, Plutonic Resources, and the Woolcock Institute of Medical Research Former Director of the Australian Strategic Policy Institute, and Perpetual Limited Former Commissioner of the Health Insurance Commission Former Member – Australia-Malaysia Institute Executive Committee. Honorary Fellow of the Faculty of Medicine of the University of Sydney Life Governor of the Woolcock Institute of Medical Research

Russell Anthony Aboud	Non-Executive Director (from 30 August 2013)
Qualifications	MBBS (USYD)
Experience	Executive Chair / Founding Partner – Manikay Partners Non-Executive Director – George Health Enterprises Pty Limited Former Non-Executive Director - Australian Securities Exchange Limited, and Former Member of its Clearing Board Former Chairman – Ord Minnett (Australia) Former Senior Advisor to JP Morgan Australia Former Member – Advisory Board UBS O'Connor Former Global Head of European Equities for UBS London, and former Board member of UBS Investment Bank (London) Former Global Head of Australasia Equities for UBS Australia, and member of its Global Equities Business Committee Previous executive appointments with DBSM Ltd, SBC Domininguez Barry, and SBC Warburg.

Peter Campbell Church OAM	Non-Executive Director (retired 30 August 2014)
Qualifications	BCom, LLB, LLM
Experience	Chairman – AFG Venture Group (AUS) Special Counsel – Stephenson Harwood (UK) Chair – Bangkok International Associates Limited (Thailand) Chair – Indochina Starfish Foundation (Australia) Limited Non-Executive Director – OM Holdings Limited (AUS) Non-Executive Director – Singapore International Chamber of Commerce Chair – Singapore Committee, Australian Institute of Company Directors Chair – Advisory Board, Aksara Foundation (Indonesia) Chair – Asia Pacific Business Advisory Group, The Duke of Edinburgh Award / The International Award for Young People

Jason Yat-Sen Li	Non-Executive Director
Qualifications	BA, LLB (Syd), LLM (NYU)
Experience	CEO – Yatsen Associates Non-Executive Director – Ontario Mining Corporation Limited Member – Global Agenda Council on China, World Economic Forum Former Director – China Australia Chamber of Commerce Former Governing Member – The Smith Family Former Member – Australian Government's Wanwu Advisory Panel on Clean Technology Former Head of China Strategy and Senior Manager of Sustainable Development for the Insurance Australia Group Previously a Solicitor of Corrs Chambers Westgarth Previously a Lawyer of the United Nations International Criminal Tribunal for the former Yugoslavia

Stephen William MacMahon	Executive Director
Qualifications	BSc, MA (Canterbury), MPH, PhD (Syd), DSc (UNSW), FAA, FMedSci, FACC, FAHA, FCSANZ
Experience	Principal Director – The George Institute for Global Health Chair / Executive Director – The George Institute for Global Health (UK), The George Foundation for Global Health Limited (AUS), George Clinical Pty Ltd (AUS) Chair – International Scientific Board, UK BioBank Non-Executive Director – Oxford Health Alliance (UK) Executive Director / Trustee – George Partners Limited (UK) Professor of Medicine and James Martin Professorial Fellow, University of Oxford (UK) Professor of Cardiovascular Medicine, University of Sydney (AUS) Visiting Professor of Clinical Epidemiology, University Medical Centre Utrecht (Netherlands) Honorary Consultant Epidemiologist, Royal Prince Alfred Hospital (AUS) Honorary Professor, Peking University Health Science Center (China) Director – Macromedica Pty Ltd

Robyn Ngaire Norton	Executive Director
Qualifications	BA, MA (Canterbury), MPH, PhD (Syd)
Experience	Principal Director – The George Institute for Global Health Executive Director – The George Institute for Global Health (UK), The George Foundation for Global Health Limited (AUS), and Beijing George Medical Research Co Ltd (China) Executive Director / Trustee – George Partners Limited (UK) Professor of Global Health and James Martin Professorial Fellow, University of Oxford (UK) Professor of Public Health, University of Sydney Medical School (AUS) Honorary Consultant Epidemiologist, Royal Prince Alfred Hospital (AUS) Honorary Professor, Peking University Health Science Center (China) Member – Health Care Committee, National Health and Medical Research Council (NHMRC) (AUS)

MEETINGS OF DIRECTORS

During the financial year, 25 meetings of directors (including committee meetings) were held. Attendances by each director are listed below.

	Board		Remuneration Committee		Nominations Committee		Development Committee		George Health Enterprises Committee		Finance, Risk and Audit Committee^		Research Committee+	
	# eligible to attend	# attended	# eligible to attend	# attended	# eligible to attend	# attended	# eligible to attend	# attended	# eligible to attend	# attended	# eligible to attend	# attended	# eligible to attend	# attended
Michael Hawker	4	4	2	2	2	2	-	-	-	-	-	3	4	4
Donald Green	4	4	2	2	-	-	-	-	4	3	5	5	-	-
Catherine Livingstone	4	4	2	2	2	2	-	-	-	-	-	-	-	2
Gina Anderson	4	4	-	-	-	-	4	4	-	-	-	-	-	4
Elsa Atkin	4	4	-	-	-	-	4	3	-	-	-	-	-	4
Joanna Capon	4	3	-	-	-	-	4	3	-	-	-	-	4	3
Jason Yat-sen Li	4	3	-	-	-	-	-	-	4	3	-	-	-	1
Paul McClintock	3	3	-	-	1	1	-	-	-	-	-	-	-	3
Peter Church	1	1	-	-	-	-	-	-	1	1	-	-	-	-
Russell Aboud	4	4	-	-	-	-	-	-	3	3	-	-	-	4
Stephen MacMahon	4	4	-	-	2	1	4	3	4	4	-	-	4	3
Robyn Norton	4	4	-	-	2	2	-	2	-	-	5	4	4	4

^ The membership of the Finance, Risk and Audit Committee includes an independent professional, Mr David Clark.

+ 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.

Insurance of Officers

During the year, the Company paid a premium of $25,970 for Management Liability Policy. 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* 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 2014 the number of members was eleven.

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.

Auditor's Independence Declaration

The lead Auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 9 of the Directors' Report.

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

Michael John Hawker (Director)

Dated this 29 day of August 2014

Stephen William MacMahon (Director)

Dated this 29 day of August 2014

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Australia

DECLARATION OF INDEPENDENCE BY PAUL BULL 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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* 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.

Paul Bull
Partner

Sydney, 29 August 2014

STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014	2013
		$	$
Operating Revenue	2	57,204,483	48,380,991
Other Income	2	1,657,877	1,992,510
Employee Benefits Expense		(31,341,039)	(27,186,012)
Depreciation and Amortisation Expense	3	(762,237)	(518,258)
Rental Expense		(2,404,093)	(1,976,511)
Administration Expense		(1,700,095)	(1,891,826)
Study Contract Fee		(10,265,297)	(6,316,013)
Patient Recruitment Expense		(918,568)	(869,340)
Consultants and Sub-contractors Fee		(3,455,924)	(3,910,149)
Travel/Accommodation Costs		(2,351,630)	(2,237,406)
Other Expenses		(5,439,962)	(3,550,799)
Realised Loss on Disposal of Financial Assets		-	(324,534)
Surplus/(Loss) before Income Tax		**223,514**	**1,592,653**
Income Tax		(206,689)	-
Surplus/(Loss) after Income Tax		**16,825**	**1,592,653**
Other Comprehensive Income			
Items which will be reclassified subsequently to surplus or deficit when specific conditions are met:			
Exchange Differences on Translation of Foreign Operations		(83,281)	130,396
Changes in the Fair Value of Available-for-sale Financial Assets		580,505	983,411
Total Other Comprehensive Income/(Expense) for the Year		**497,224**	**1,113,807**
Total Comprehensive Income for the Year		**514,049**	**2,706,460**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated 2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	14,704,240	12,368,584
Trade and Other Receivables	5	11,671,671	11,811,022
Other Assets	6	827,139	1,375,487
Accrued Income	7	1,856,901	1,128,340
TOTAL CURRENT ASSETS		**29,059,951**	**26,683,433**
NON-CURRENT ASSETS			
Investments	8	8,243,877	7,117,975
Plant and Equipment	9	1,773,619	1,889,601
Intangible Assets	10	717,640	-
TOTAL NON-CURRENT ASSETS		**10,735,136**	**9,007,576**
TOTAL ASSETS		**39,795,086**	**35,691,009**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	11	2,865,311	3,375,693
Deferred Income	12	23,209,701	18,633,446
Provisions	13	2,825,294	3,328,065
TOTAL CURRENT LIABILITIES		**28,900,306**	**25,337,204**
NON-CURRENT LIABILITIES			
Provisions	14	634,141	607,214
TOTAL NON-CURRENT LIABILITIES		634,141	**607,214**
TOTAL LIABILITIES		**29,534,447**	**25,944,418**
NET ASSETS		**10,260,640**	**9,746,591**
EQUITY			
Foreign Currency Translation Reserve		(412,713)	(329,432)
Available-for-sale Financial Asset Reserve		634,603	54,098
Accumulated Surplus		10,038,750	10,021,925
TOTAL EQUITY		**10,260,640**	**9,746,591**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Accumulated Surplus	Available-for-sale Financial Asset Reserve*	Foreign Currency Translation Reserve#	Total equity
	$	$	$	$
Balance at 1 July 2012	8,429,271	(929,313)	(459,829)	7,040,129
Surplus for the year	1,592,653	-	-	1,592,653
Other comprehensive income for the year	-	983,411	130,396	1,113,807
Total comprehensive income for the year	1,592,653	983,411	130,396	1,592,653
Balance at 30 June 2013	**10,021,925**	**54,098**	**(329,432)**	**9,746,591**
Surplus/(loss) for the year	16,825	-	-	16,825
Other comprehensive income for the year	-	580,505	(83,281)	497,224
Total comprehensive income for the year	16,825	580,505	(83,281)	514,049
Balance at 30 June 2014	**10,038,750**	**634,603**	**(412,713)**	**10,260,640**

***Available-for-sale financial asset reserve**

Changes in the fair value arising on translation of investments, such as securities in listed corporations, classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity (available-for-sale financial asset reserve). Amounts are recognised in surplus or deficit when the associated 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 surplus or deficit when the net investment is disposed of.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt of grants and contract revenue		64,188,484	54,227,191
Payments to suppliers and employees		(61,299,701)	(55,698,272)
Dividends received		312,109	236,472
Interest received		322,467	267,149
Net cash generated from/(used in) operating activities	19b	**3,523,358**	**(967,460)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(608,216)	(1,485,070)
Proceeds from sale of available-for-sale investments		1,225,282	4,693,345
Payment for available-for-sale investments		(1,714,768)	(5,355,269)
Receipt of held-to-maturity investments		1,010,000	310,000
Payment for held-to-maturity investments		(1,100,000)	(1,010,000)
Net cash generated from/(used in) investing activities		**(1,187,702)**	**(2,846,994)**
Net (decrease)/increase in cash and cash equivalents held		2,335,656	(3,814,454)
Cash and cash equivalents at the beginning of the financial year		12,368,584	16,183,038
Cash and cash equivalents at the end of the financial year		**14,704,240**	**12,368,584**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 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 29 August 2014.

The Company is a company limited by guarantee, incorporated and domiciled in Australia. The nature of the operations and principal activities of the Company 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 - Reduced Disclosure Requirements, including the Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* as appropriate for not-for-profit oriented entities.

Early adoption of standards

The Company has elected to apply the following Australian Accounting Standards to the annual reporting period beginning 1 July 2011:

- AASB 1053: Application of Tiers of Australian Accounting Standards; and
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

These accounting standards have been applied for annual reporting periods beginning on or after 1 July 2013.

AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements:

- Tier 1 – Australian Accounting Standards
- Tier 2 – Australian Accounting Standards – Reduced Disclosure Requirements

AASB 2010-2 makes amendments to each accounting standard and interpretation indicating the disclosures not required to be made by Tier 2 entities or inserting Reduced Disclosure Requirements paragraphs requiring simplified disclosures for Tier 2 entities.

The adoption of these accounting standards has resulted in reduced disclosures in respect of related parties and financial instruments. There was no other impact on the current or prior year 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 2014 and the results of all the subsidiaries for the year ended 30 June 2014. 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.

Intercompany transactions, balances and unrealised gains or losses on transactions between entities in the Consolidated Entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

b) Parent Entity Information

In accordance with the *Corporates Act 2001,* 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.

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.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

d) Revenue

The Consolidated Entity's activities are supported by funding from research grants and contracts. Funding received on the condition that specified services are delivered, or conditions fulfilled are considered reciprocal. Such funding is initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants and contracts are recognised when the Consolidated Entity obtains control of the funds.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

e) 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.

f) Cash and Cash Equivalents

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 6 months that are subject to an insignificant risk of change in value.

g) Trade Receivables

Trade receivables, which consists of the amount due to third parties are recognised and carried at original invoiced amount less any uncollectable amount. Trade receivables are generally due within 30 days. The carrying amount of receivables is deemed to reflect the fair value. Allowance for doubtful debt is made within the objective evidence shows that the consolidated entity will not be able to collect the debt. Bad debts were written off when identified.

h) Accrued Income

Accrued Income is the revenue recognised in relation to research grants and contracts in excess of amounts billed.

i) Investments and Financial Assets

Initial recognition and measurement

Financial assets are recognised when the consolidated entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial assets are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial assets are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

i. the amount at which the financial asset is measured at initial recognition;

ii. less principal repayments;

iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

iv. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Consolidated Entity classifies its financial assets in the following categories (where applicable):

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial assets, a prolonged decline in the value of the asset is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the consolidated entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

j) Plant and Equipment

Each class of plant and equipment is carried at cost, less, where applicable, accumulated depreciation and impairment losses.

Depreciation

Items of the plant and equipment 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.

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

Class of Fixed Asset	*Depreciation Rate*
Furniture and equipment	17% – 33.33%

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.

k) Intangible Assets

Polypill Development Costs

Polypill Development Costs are recorded at cost. Polypill Development Costs have a finite life and are carried at cost less any accumulated amortisation and impairment losses. They have an estimated useful life of 20 years. They are assessed annually for impairment.

l) Impairment of Non-Financial Assets

At the end of each reporting period, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the consolidated entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets' class, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

m) 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.

n) Deferred Income

The liability for deferred income is the unutilised amounts of funding from research grants and contracts received on the condition that specified services are delivered or conditions fulfilled. The services are usually provided or conditions usually fulfilled within 12 months of receipt of the funding.

o) Provisions

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.

p) Employee Benefits

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.

q) 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.

r) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

s) Comparative Figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

t) Significant Accounting Estimates and Judgments

The directors evaluate estimates and judgments 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.

Key judgements

Revenue from reciprocal grants and contracts

Revenue from reciprocal grants and contracts is recognised as revenue when services are performed or conditions fulfilled under the terms of the grant or contract. The recognition of revenue in relation to these grants and contracts requires the use of judgement in assessing the stage of completion, such as number of patients recruited and/or budgeted costs to complete.

Employee benefits estimation

A provision has been recognised for employee benefits relating to long service leave. 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.

u) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. There are no material impacts on the consolidated entity's results coming from these standards.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2014. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Title of Standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB9 Financial Instruments	AASB9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	When adopted, the standard will affect the group's accounting for its available-for-sale and held-to-maturity financial assets, since AASB9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The new standard also introduces expanded disclosure requirements and changes in presentation.	Must be applied for financial years commencing on or after 1 January 2017*. In order to apply the new rules for equity investments not held for trading the group would have to adopt AASB9 and the consequential amendments to AASB 7 and AASB139 in their entirety.

*The mandatory application of this standard may be further deferred once the IASB has agreed on a mandatory date for the equivalent international standard.

NOTE 2:
REVENUE AND OTHER INCOME

	Consolidated 2014 $	Consolidated 2013 $
Operating Revenue		
Revenue from government grants and other contract revenue		
State/Federal government grants	28,629,491	24,447,688
Other organisations	28,574,992	23,933,303
Total Operating Revenue	57,204,483	48,380,991
Other Income		
Net foreign exchange gains (realised/unrealised)	-	1,311,822
Dividends received (including dividends reinvested)	312,108	236,472
Interest received	364,505	267,149
Net realised gains/(losses) on Investments	107,873	-
Other	873,391	177,067
Total Other Income	1,657,877	1,992,510
Total Operating Revenue and Other Income	58,862,360	50,373,501

NOTE 3:
EXPENSES

	Consolidated 2014 $	Consolidated 2013 $
Surplus/(loss) for the year includes the following specific expenses:		
Depreciation and Amortisation:		
Furniture and fittings	396,453	336,999
Office equipment	355,868	181,259
Motor vehicles	9,916	-
	762,237	518,258
Impairment of intangible assets		
Rental Expense:		
Rental Expense on operating leases	2,404,093	1,976,511
	2,404,093	1,976,511

NOTE 4:
CASH AND CASH EQUIVALENTS

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Cash at bank	14,698,439	12,363,237
Cash on hand	5,801	5,347
	14,704,241	12,368,584

NOTE 5:

TRADE AND OTHER RECEIVABLES

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Trade receivables	10,123,139	10,372,722
Provision for impairment	-	-
	10,123,139	10,372,722
Other receivables	1,548,532	1,438,300
	11,671,672	11,811,022

Credit Risk — Trade and Other Receivables

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the consolidated entities' trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the consolidated entity and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the consolidated entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31–60	61–90	> 90	
	$	$	$	$	$	$	$
2014							
Trade receivables	10,123,140	-	908,830	579,967	684,495	-	7,949,847
Other receivables	1,548,532	-	-	-	-	-	1,548,532
Total	11,671,672	-	908,830	579,967	684,495	-	9,498,379
2013							
Trade receivables	10,372,722	-	1,864,423	369,885	852,749	-	7,285,665
Other receivables	1,438,300	-	-	-	-	-	1,438,300
Total	11,811,022	-	1,864,423	369,885	852,749	-	8,723,965

The consolidated entity does not have any trade and other receivables whose terms have been renegotiated, but which would otherwise be past due or impaired.

NOTE 6:

OTHER ASSETS

	Consolidated	
	2014	2013
	$	$
CURRENT		
Prepayments	379,915	297,404
Deposits and bonds	447,224	1,078,083
	827,139	1,375,487

NOTE 7:

ACCRUED INCOME

	Consolidated	
	2014	2013
	$	$
CURRENT		
Accrued income	1,856,901	1,128,340

NOTE 8:

INVESTMENTS

	Consolidated	
	2014	2013
	$	$
NON CURRENT		
Available-for-sale financial assets comprise:		
Securities in listed corporations	6,583,378	6,107,975
Held-to-maturity Investments comprise:		
Term deposits/bank bills – maturity less than 12 months	1,660,499	1,010,000
	8,243,877	7,117,975

NOTE 9:

PLANT AND EQUIPMENT

	Consolidated	
	2014	2013
	$	$
NON-CURRENT		
Furniture and Equipment		
At cost	6,038,493	5,467,998
Less accumulated depreciation	(4,264,874)	(3,578,397)
	1,773,619	1,889,601

Movements in Carrying Amounts

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

	Consolidated	
	Furniture and Equipment	Total
	$	$
2014		
Carrying amount at the beginning of the year	1,889,601	1,889,601
Additions at cost	608,216	608,216
Disposals and write offs	-	-
Exchange differences	38,040	38,040
Depreciation expense	(762,237)	(762,237)
Carrying amount at the end of the year	1,773,619	1,773,619

NOTE 10:

INTANGIBLE ASSETS

	Consolidated	
	2014	2013
	$	$
NON-CURRENT		
Polypill development - at cost	717,640	-
	717,640	-

NOTE 11:
TRADE AND OTHER PAYABLES

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Trade payables	898,480	1,867,511
Other payables and accruals	1,966,830	1,508,182
	2,865,311	3,375,693

NOTE 12:
DEFERRED INCOME

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Deferred income – unutilised amount of funding	23,209,701	18,633,446

NOTE 13:
PROVISIONS

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Employee benefits - annual leave	1,670,448	1,500,067
Employee benefits - long service leave	385,027	352,236
Provision for onerous lease	161,819	215,762
Bonus provision	608,000	1,260,000
	2,825,294	3,328,065

Movements in provisions

Movement in provisions during the financial year other than employee benefits are set out below:

	Provision for onerous lease $	Bonus provision $
Carrying amount at the beginning of the year	215,762	1,260,000
Utilised during the year	(53,943)	(1,260,000)
Additional provision recognised	-	608,000
Carrying amount at the end of the year	161,819	608,000

NOTE 14:

PROVISIONS

	Consolidated	
	2014	2013
	$	$
NON-CURRENT		
Employee benefits - long service leave	634,141	445,394
Provision for onerous lease	-	161,820
	634,141	607,214

NOTE 15:

CAPITAL AND LEASING COMMITMENTS

	Consolidated	
	2014	2013
	$	$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
Less than one year	2,393,531	2,219,952
Between one and five years	3,209,479	4,685,722
More than five years	-	-
	5,603,010	6,905,674

NOTE 16:

CONTINGENT LIABILITIES

There are no contingent liabilities or contingent assets at 30 June 2014 (30 June 2013: Nil)

NOTE 17:

KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	2014	2013
	$	$
Total compensation	804,133	782,536

The aggregate compensation made to directors and other members of key management personnel of the Company is set out above.

NOTE 18:
RELATED PARTY DISCLOSURES

	2014 $	2013 $
a) **Key management personnel**		
Disclosures relating to key management personnel are set out in note 17		
b) **Loans to Related parties**		
The George Foundation for Global Health	68,188	66,688
George Clinical Pty Ltd	7,501,269	4,555,695
George Partners Limited	920,285	817,129
George Clinical Asia Pacific Limited	53,154	53,154
The above loans eliminate on consolidation		
c) **Loans From Related parties**		
Beijing George Medical Research Co. Ltd	(365,746)	(359,358)
George Institute for Global Health (India)	(383,355)	(389,109)
Academic Alliance for Clinical Trials LLP	(3,316,265)	(2,687,987)
The above loans eliminate on consolidation		

NOTE 19:

CASH FLOW INFORMATION

	Consolidated	
	2014	2013
	$	$
a. Reconciliation of cash and cash equivalents		
Cash at bank	14,698,439	12,363,237
Cash on hand	5,801	5,347
	14,704,240	12,368,584
b. Reconciliation of Cash flow from Operations with Surplus		
Surplus after income tax	16,825	1,592,653
Non cash flows:		
Depreciation and amortisation	762,237	518,258
Gain/(loss) on disposal of available-for-sale financial assets	107,873	324,534
Dividends reinvested	(26,391)	(48,631)
Net exchange differences	268,910	1,186,499
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	139,350	(3,839,410)
(Increase)/decrease in other assets	548,349	(791,710)
Increase/(decrease) in trade and other payables	(510,382)	(1,220,508)
Increase/(decrease) in deferred income	2,719,354	1,143,366
Increase/(decrease) in provisions	(502,767)	167,490
Net cash generated from operating activities	3,523,358	(967,459)

NOTE 20:
PARENT ENTITY DISCLOSURES

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

	2014 $	2013 $
Results of parent entity		
Surplus/(deficit) for the year	(397,459)	132,340
Other comprehensive income	580,505	983,411
Total comprehensive income for the year	183,046	1,115,751
Financial position of parent entity at year end		
Current assets	13,427,168	14,972,922
Total assets	34,185,175	31,148,477
Current liabilities	27,040,801	23,922,176
Total liabilities	26,120,516	23,266,866
Total equity of the parent entity comprising of:		
Accumulated surplus	7,430,054	7,827,513
Available-for-sale financial asset reserve	634,603	54,098
Total equity	8,064,657	7,881,611

NOTE 21:
SUBSIDIARIES

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

George Clinical Pty Ltd
Country of Incorporation: Australia
Percentage owned: 100% (2013: 100%)

The George Foundation for Global Health Limited
Country of Incorporation: Australia
Percentage owned: 100% (2013: 100%)

The George Institute for Global Health (UK)
Country of Incorporation: United Kingdom
Percentage owned: 100% (2013: 100%)

George Partners Limited
Country of Incorporation: United Kingdom
Percentage owned: 100% (2013: 100%)

Academic Alliance for Clinical Trials LLP
Country of Incorporation: United States of America
Percentage owned: 100% (2013: 100%)

George Institute for Global Health
Country of Incorporation: India
Percentage owned: 100% (2013: 100%)

Beijing George Medical Research Co. Ltd
Country of Incorporation: China
Percentage owned: 100% (2013: 100%)

George (Beijing) Clinical Research Co. Ltd
Country of Incorporation: China
Percentage owned: 100% (2013: 100%)

George Clinical India Private Ltd
Country of Incorporation: India
Percentage owned: 100% (2013: 100%)

George Clinical Asia Pacific Limited
Country of Incorporation: Hong Kong
Percentage owned: 100% (2013: 100%)

George Health Enterprises Pty Limited
Country of Incorporation: Australia
Percentage owned: 100% (2013: N/A)

George Clinical (UK)
Country of Incorporation: United Kingdom
Percentage owned: 100% (2013: N/A)

DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements and notes, as set out on pages 10 to 29, are in accordance with the *Corporations Act 2001* including;
   a. complying with Australian Accounting Standards – Reduced Disclosure Requirements;
   b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of the performance for the year ended on that date.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Michael John Hawker (Director)

Dated this 29 day of August 2014

Stephen William MacMahon (Director)

Dated this 29 day of August 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of The George Institute for Global Health

Report on the Financial Report

We have audited the accompanying financial report of The George Institute for Global Health, which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The George Institute for Global Health, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of The George Institute for Global Health is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO

Paul Bull
Partner

Sydney, 29 August 2014