Financial Report

For the year ended 30 June 2013

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 2013.

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 (appointed 6 August 2012)
Elsa Fawzia Atkin
Gina Nancy McGregor Anderson
Jason Yat-sen Li
Joanna Susan Capon OAM
Peter Campbell Church OAM
William Louis Delaat AM (retired 30 April 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

The following person held the position of Company Secretary at the end of the financial year:

Carolyne Jennifer Rodger (appointed 22 February 2013)

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 2013 amounted to $1,592,653 (2012: Surplus $1,610,825).

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

This has been a year of strong growth globally with careful management of expenses. The net result was a surplus of $1,592,653 (2012: Surplus $1,610,825) which has strengthened the capital base of the Consolidated Entity and its financial sustainability.

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 Patterson and Company Limited Chair / Non-Executive Director – Australian Rugby Union, and SANZAR Pty Limited Chair – Australian Business and Community Network (ABCN) Foundation 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 – Macquarie Group Limited and Macquarie Bank Limited Non-Executive Director – Worley Parsons Limited Non-Executive Director – Saluda Medical Pty Ltd Member – New South Wales Innovation Council and Productivity President – Australian Museum Trust Member – Advisory Board, John Grill Centre for Project Leadership, University of Sydney
Gina Nancy McGregor Anderson	Non-Executive Director
Qualifications	BA, GAICD
Experience	Advisory Board Member – Australian Charities and Not-for-profits Commission (ACNC 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 Non-Executive Director –The George Foundation for Global Health Limited 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	Cultural Management Consultant Extensive experience in management acquired in roles as CEO and Board Director across diverse fields, including not-for-profit, change management, advocacy, and media and corporate relations. Non-Executive Director – The George Foundation for Global Health Limited Former Member – NSW Library Council Former Executive Director – National Trust of Australia (NSW) 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	Art Historian, Industrial Archaeologist, Curator and Writer 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
Peter Campbell Church OAM	Non-Executive Director
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
William Louis Delaat AM	Non-Executive Director (retired)
Qualifications	BSc (Hons), GAICD
Experience	Chair – EnGeneIC Ltd Non-Executive Director – Pharmaxis Pty Ltd Board Member – Fragile X Association of Australia, and National Return of Unwanted Medicines Ltd Former Chair – Medicines Australia, and Pharmaceuticals Industry Council Former Co-Chair – Access to Medicines Working Group Former Non-Executive Director – iNova Pharmaceuticals Former Managing Director – Merck Sharp & Dohme (MSD) Australia and NZ

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), George (Beijing) Clinical Research Co Ltd (China) 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, 24 meetings of directors (including committee meetings) were held. Attendances by each director are listed below.

	Board		Remuneration Committee		Nominations Committee*		Fundraising and 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
Catherine Livingstone	4	3	-	-	-	-	-	-	-	-	-	-	-	3
Gina Anderson	4	4	-	-	-	-	5	5	-	-	-	-	-	4
Elsa Atkin	4	4	-	-	-	-	5	5	-	-	-	-	-	4
Joanna Capon	4	3	-	-	-	-	5	4	-	-	-	-	4	3
Peter Church	4	4	-	-	-	-	-	-	5	4	-	-	-	-
William Delaat	3	3	1	1	-	-	-	-	4	3	-	-	-	4
Donald Green	4	4	1	1	-	-	-	-	5	5	5	5	-	-
Michael Hawker	4	4	1	1	-	-	-	1	-	2	-	3	4	4
Jason Yat-sen Li	4	4	-	-	-	-	-	-	5	4	-	-	-	1
Stephen MacMahon	4	4	-	-	-	-	5	4	5	4	-	-	4	4
Robyn Norton	4	4	-	-	-	-	-	2	-	-	5	5	4	4

* No meetings of the Nominations Committee were held during the reporting period as deemed not required by the Board.
^ 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 (NHRMC), and Directors are invited to attend.

Insurance of Officers

During the year, the Company paid a premium of $29,581 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 2013 the number of members was ten.

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 2013 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 30 day of August 2013

Stephen William MacMahon (Director)

Dated this 30 day of August 2013

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

Level 11, 1 Margaret St
Sydney NSW 2000
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 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- 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

BDO East Coast Partnership

Sydney, 30 August 2013

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Operating Revenue	2	48,380,991	51,149,906
Other Income	2	1,992,510	1,874,333
Employee Benefits Expense		(27,186,012)	(24,646,684)
Depreciation and Amortisation Expense	3	(518,258)	(449,607)
Impairment of Intangible Assets	3	-	(36,856)
Rental Expense		(1,976,511)	(2,478,410)
Administration Expense		(1,891,826)	(2,567,378)
Study Contract Fee		(6,316,013)	(5,401,055)
Patient Recruitment Expense		(869,340)	(4,677,954)
Consultants and Sub-contractors Fee		(3,910,149)	(4,807,636)
Travel/Accommodation Costs		(2,237,406)	(2,200,949)
Other Expenses		(3,550,799)	(3,973,990)
Realised Loss on Disposal of Financial Assets		(324,534)	(172,895)
Surplus for the Year		**1,592,653**	**1,610,825**
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		130,396	(79,574)
Changes in the Fair Value of Available-for-sale Financial Assets		983,411	(823,699)
Total Other Comprehensive Income/(Expense) for the Year		**1,113,807**	**(903,273)**
Total Comprehensive Income for the Year		**2,706,460**	**707,552**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	12,368,584	16,183,038
Trade and Other Receivables	5	11,811,022	7,971,612
Other Assets	6	1,375,487	583,778
Accrued Income	7	1,128,340	167,989
TOTAL CURRENT ASSETS		**26,683,433**	**24,906,417**
NON-CURRENT ASSETS			
Investments	8	7,117,975	6,109,537
Plant and Equipment	9	1,889,601	917,894
Intangible Assets	10	-	-
TOTAL NON-CURRENT ASSETS		**9,007,576**	**7,027,431**
TOTAL ASSETS		**35,691,009**	**31,933,848**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	11	3,375,693	4,596,201
Deferred Income	12	18,633,446	16,529,729
Provisions	13	3,328,065	2,962,322
TOTAL CURRENT LIABILITIES		**25,337,204**	**24,088,252**
NON-CURRENT LIABILITIES			
Provisions	14	607,214	805,467
TOTAL NON-CURRENT LIABILITIES		**607,214**	**805,467**
TOTAL LIABILITIES		**25,944,418**	**24,893,719**
NET ASSETS		**9,746,591**	**7,040,129**
EQUITY			
Foreign Currency Translation Reserve		(329,432)	(459,829)
Available-for-sale Financial Asset Reserve		54,098	(929,313)
Accumulated Surplus		10,021,925	8,429,271
TOTAL EQUITY		**9,746,591**	**7,040,129**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

Consolidated	Accumulated Surplus	Available-for-sale Financial Asset Reserve*	Foreign Currency Translation Reserve#	Total Equity
	$	$	$	$
Balance at 1 July 2011	**6,818,446**	**(105,614)**	**(380,255)**	**6,332,577**
Surplus for the year	1,610,825	-	-	1,610,825
Other comprehensive income for the year	-	(823,699)	(79,574)	(903,273)
Total comprehensive income for the year	1,610,825	(823,699)	(79,574)	707,552
Balance at 30 June 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	2,706,460
Balance at 30 June 2013	**10,021,925**	**54,098**	**(329,432)**	**9,746,591**

***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 FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated	
		2013 $	2012 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt of grants and contract revenue		54,227,191	56,580,507
Payments to suppliers and employees		(55,698,272)	(53,103,246)
Dividends received		236,472	327,248
Interest received		267,149	347,161
Net cash (used in)/generated from operating activities	19b	**(967,459)**	**4,151,670**
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,485,070)	(481,274)
Proceeds from sale of available-for-sale investments		4,693,345	4,757,632
Payment for available-for-sale investments		(5,355,269)	(4,566,754)
Receipt of held-to-maturity investments		310,000	-
Payment for held-to-maturity investments		(1,010,000)	(310,000)
Net cash generated from/(used in) investing activities		**(2,846,995)**	**(600,397)**
Net (decrease)/increase in cash and cash equivalents held		(3,814,454)	3,551,273
Cash and cash equivalents at the beginning of the financial year		16,183,038	12,631,765
Cash and cash equivalents at the end of the financial year	4	**12,368,584**	**16,183,038**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 30 August 2013.

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 are not required to be applied until 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.

The Company has elected to apply the following Australian accounting standard to the annual reporting period beginning 1 July 2010:

- AASB 9: Financial Instruments

This accounting standard is not required to be applied until annual reporting periods beginning on or after 1 July 2013.

AASB 9 addresses the classification, measurement and derecogntion of financial assets and financial liabilities. In accordance with AASB 9, on initial recognition, the consolidated entity has made the election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of AASB 9 that is not held for trading. None of the items in the financial statements had to be restated as the result of applying this standard.

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 2013 and the results of all the subsidiaries for the year ended 30 June 2013. 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

Patents

Patents are recorded at cost. Patents 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.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated	
	2013	2012
	$	$
Operating Revenue		
Revenue from government grants and other contract revenue		
State/Federal government grants	24,447,688	20,557,319
Other organisations	23,933,303	30,592,587
Total Operating Revenue	48,380,991	51,149,906
Other Income		
Gain on disposal of plant and equipment	-	6,860
Net foreign exchange gains (realised/unrealised)	1,311,822	750,885
Dividends received (including dividends reinvested)	236,472	418,500
Interest received	267,149	375,191
Other	177,067	322,897
Total Other Income	1,992,510	1,874,333
Total Operating Revenue and Other Income	50,373,501	53,024,239

NOTE 3: EXPENSES

	Consolidated	
	2013	2012
Surplus for the year includes the following specific expenses:	$	$
Depreciation and Amortisation:		
Furniture and fittings	336,999	273,681
Office equipment	181,259	175,926
	518,258	449,607
Impairment of intangible assets	-	35,856
Rental Expense:		
Rental Expense on operating leases	1,976,511	2,478,410
Onerous lease expense	-	593,340
	1,976,511	3,071,750

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated	
	2013	2012
	$	$
CURRENT		
Cash at bank	12,363,237	16,180,444
Cash on hand	5,347	2,594
	12,368,584	16,183,038

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2013	2012
	$	$
CURRENT		
Trade receivables	10,372,722	6,519,204
Provision for impairment	-	-
	10,372,722	6,519,204
Other receivables	1,438,300	1,452,408
	11,811,022	7,971,612

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.

NOTE 5: TRADE AND OTHER RECEIVABLES (CONT'D)

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	
	$	$	$	$	$	$	$
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
2012							
Trade receivables	6,519,204	-	259,355	515,899	853,325	-	4,890,625
Other receivables	1,452,408	-	-	-	-	-	1,452,408
Total	7,971,612	-	259,355	515,899	853,325	-	6,343,033

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	
	2013	2012
	$	$
CURRENT		
Prepayments	297,404	334,394
Deposits and bonds	1,078,083	249,384
	1,375,487	583,778

NOTE 7: ACCRUED INCOME

	Consolidated	
	2013	2012
CURRENT	$	$
Accrued income	1,128,340	167,989
– Revenue recognised in excess of amounts billed but based on work completed		

NOTE 8: INVESTMENTS

	Consolidated	
	2013	2012
	$	$
NON CURRENT		
Available-for-sale financial assets comprise:	6,107,973	5,799,537
Securities in listed corporations		
Held-to-maturity Investments comprise:	1,010,000	310,000
Term deposits/bank bills – maturity greater than 12 months		
	7,117,973	6,109,537

NOTE 9: PLANT AND EQUIPMENT

	Consolidated	
	2013	2012
	$	$
NON-CURRENT		
Furniture and Equipment		
At cost	5,467,998	3,931,616
Less accumulated depreciation	(3,578,397)	(3,013,722)
	1,889,601	917,895

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
	$	$
2013		
Carrying amount at the beginning of the year	917,895	917,895
Additions at cost	1,485,070	1,485,070
Disposals and write offs	-	-
Exchange differences	4,894	4,894
Depreciation expense	(518,258)	(518,258)
Carrying amount at the end of the year	1,889,601	1,889,601

NOTE 10: INTANGIBLE ASSETS

	Consolidated	
	2013	2012
NON-CURRENT	$	$
Patents — at cost	-	70,999
Accumulated amortisation and impairment	-	(70,099)
	-	-

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated	
	2013	2012
CURRENT	$	$
Trade payables	1,867,511	1,286,095
Other payables and accruals	1,508,182	3,310,106
	3,375,693	4,596,201

NOTE 12: DEFERRED INCOME

	Consolidated	
	2013	2012
CURRENT	$	$
Deferred income – Unutilised amount of funding	18,633,446	16,361,740

NOTE 13: PROVISIONS

	Consolidated	
	2013	2012
CURRENT	$	$
Employee benefits - annual leave	1,500,067	1,368,924
Employee benefits - long service leave	352,236	305,281
Provision for onerous lease	215,762	215,760
Bonus provision	1,260,000	1,072,357
	3,328,065	2,962,322

NOTE 14: PROVISIONS

	Consolidated	
	2013	2012
NON-CURRENT	$	$
Employee benefits - long service leave	445,394	427,887
Provision for onerous lease	161,820	377,580
	607,214	805,467

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	593,340	1,072,357
Utilised during the year	(215,758)	(1,072,357)
Additional provision recognised	-	1,260,000
Carrying amount at the end of the year	377,582	1,260,000

NOTE 15: CAPITAL AND LEASING COMMITMENTS

	Consolidated	
	2013	2012
	$	$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
Less than one year	2,219,952	1,582,753
Between one and five years	4,685,722	3,889,072
More than five years	-	-
	6,905,674	5,471,825

NOTE 16: CONTINGENT LIABILITIES

There are no contingent liabilities or contingent assets at 30 June 2013 (30 June 2012: Nil)

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

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

	Consolidated	
	2013	2012
	$	$
Total compensation	782,536	719,889

NOTE 18: RELATED PARTY DISCLOSURES

	2013	2012
	$	$
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	66,688	65,188
The George Clinical Pty Ltd	4,555,695	7,906,265
George Partners Limited (UK)	817,129	693,844
George Centre for Healthcare Innovation (UK)	-	32,712
George Clinical Asia Pacific Limited	53,154	-
The above loans eliminate on consolidation		
c) **Loans From Related parties**		
Beijing George Medical Research Co. Ltd	(359,358)	(1,463,657)
George Institute for Global Health (India)	(389,109)	(545,382)
Academic Alliance for Clinical Trials LLP	(2,687,987)	(813,589)
The above loans eliminate on consolidation		

d) **Other related party transactions**

Donald Gordon Green, who is a Director of the Company, is a partner of Ernst & Young Australia. During the financial year ending 30 June 2013, consulting fees totalling $73,995 were paid to Ernst & Young Australia (2012: $30,024 were paid)

NOTE 19: CASH FLOW INFORMATION

	Consolidated	
	2013	2012
	$	$
a. **Reconciliation of cash and cash equivalents**		
Cash at bank	12,363,237	16,180,444
Cash on hand	5,347	2,594
	12,368,584	16,183,038
b. **Reconciliation of Cash flow from Operations with Surplus**		
Surplus after income tax	1,592,653	1,610,825
Non cash flows:		
Depreciation and amortisation	518,258	449,607
Impairment expense of intangible assets	-	36,856
Gain/(loss) on disposal of available-for-sale financial assets	324,534	172,895
Gain/(loss) of plant and equipment	-	(6,860)
Dividends reinvested	(48,631)	(53,552)
Net exchange differences	1,186,499	311,848
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(3,839,410)	2,847,616
(Increase)/decrease in other assets	(791,710)	(192,614)
Increase/(decrease) in trade and other payables	(1,220,508)	1,789,612
Increase/(decrease) in deferred income	1,143,366	(3,900,909)
Increase/(decrease) in provisions	167,490	1,086,346
Net cash generated from operating activities	(967,459)	4,151,670

NOTE 20: PARENT ENTITY DISCLOSURES

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

	2013 $	2012 $
Results of parent entity		
Surplus/(deficit) for the year	132,340	(221,574)
Other comprehensive income	983,411	(823,699)
Total comprehensive income for the year	1,115,751	(1,045,273)
Financial position of parent entity at year end		
Current assets	14,972,922	10,155,880
Total assets	31,148,477	29,264,844
Current liabilities	23,922,176	22,815,249
Total liabilities	23,266,866	22,498,985
Total equity of the parent entity comprising of:		
Accumulated surplus	7,827,513	7,695,173
Available-for-sale financial asset reserve	54,098	(929,313)
Total equity	7,881,610	6,765,860

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% (2012: 100%)

The George Foundation for Global Health Limited
Country of Incorporation: Australia
Percentage owned: 100% (2012: 100%)

The George Institute for Global Health (UK)
Country of Incorporation: United Kingdom
Percentage owned: 100% (2012: 100%)

George Partners Limited
Country of Incorporation: United Kingdom
Percentage owned: 100% (2012: 100%)

Academic Alliance for Clinical Trials LLP
Country of Incorporation: United States of America
Percentage owned: 100% (2012: 100%)

George Institute for Global Health
Country of Incorporation: India
Percentage owned: 100% (2012: 100%)

Beijing George Medical Research Co. Ltd
Country of Incorporation: China
Percentage owned: 100% (2012: 100%)

George Clinical India Private Ltd
Country of Incorporation: India
Percentage owned: 100% (2012: N/A)

George Clinical Asia Pacific Limited
Country of Incorporation: Hong Kong
Percentage owned: 100% (2012: N/A)

George (Beijing) Clinical Research Co. Ltd
Country of Incorporation: China
Percentage owned: 100% (2012: N/A)

DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements and notes, as set out on pages 9 to 30, 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 2013 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 30 day of August 2013

Stephen William MacMahon (Director)

Dated this 30 day of August 2013

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

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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 2013, 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.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

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 2013 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

Paul Bull
Partner

Sydney, 30 August 2013