

# Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2016



## 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 2016.

### 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)
David Hugh Armstrong
Catherine Brighid Livingstone AO
Elsa Fawzia Atkin AM (retired 26 February 2016)
Eric Paul McClintock AO
Gina Nancy McGregor Anderson
Jason Yat-sen Li
Russell Anthony Aboud
Yasmin Anita Allen
Melinda Blanton Conrad (appointed 27 November 2015)
Srinivas Akkaraju (appointed 26 February 2016)
Robyn Ngaire Norton
Stephen William MacMahon

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

### Company Secretary

Leanne Maree Ralph 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 be a world-leading medical research institute focused on:

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

### Strategy for Achieving Objectives

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

### Principal Activities

The principal activity of the Consolidated Entity during the financial year was to undertake clinical, epidemiological and health systems research, especially focused on reducing the burden of chronic diseases and injuries. No significant changes in the nature of the activity occurred during the financial year.



## How Principal Activities Contributed to Objectives

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

## Performance Measurement

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

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

## Operating Results

The surplus of the Consolidated Entity for the financial year ended 30 June 2016 amounted to \$170,719 (2015: Surplus \$1,246,408).

## 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 year has been focused on growth globally with careful management of expenses. The net result was a surplus of \$170,719 (2015: Surplus \$1,246,408) which included investment in Health Enterprises. Revenue increased by 10% from the previous year with both the Institute and George Clinical winning new work and increasing activity on existing projects. Total net assets decreased due to a decline in Investment portfolio during the financial year.

## 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	<p>Non-Executive Director - Aviva Plc Group (UK)</p> <p>Non-Executive Director - Macquarie Group Limited and Macquarie Bank Limited</p> <p>Non-Executive Director - Washington H. Soul Pattinson and Company Limited</p> <p>Chair - Australian Business and Community Network (ABCN) Foundation</p> <p>Non-Executive Director - Rugby World Cup Limited (RWC)</p> <p>Trustee - Giant Steps Foundation</p> <p>Non-Executive Director - The George Institute for Global Health (UK)</p> <p>Former Chair - Australian Rugby Union</p> <p>Former Non-Executive Director - SANZAR Pty Limited</p> <p>Former Member - Executive Committee, World Rugby Council</p> <p>Former CEO / Managing Director - Insurance Australia Group</p> <p>Former President - Insurance Council of Australia</p> <p>Former Chair - Australian Financial Markets Association</p> <p>Former Board Member - Geneva Association</p> <p>Former Member - Financial Sector Advisory Council</p>
David Hugh Armstrong Non-Executive Director	
Qualifications	BBus (UTS), FCA, MAICD
Experience	<p>Non-Executive Director - National Australia Bank</p> <p>Chair - National Australia Bank Risk Committee</p> <p>Member - National Australia Bank Audit Committee and Information and Technology Committee</p> <p>Director - Opera Australia Capital Fund Limited</p> <p>Trustee of the Australian Museum</p> <p>Trustee of Lizard Island Reef Research Foundation</p> <p>Former Partner of PricewaterhouseCoopers</p>
Catherine Brigid Livingstone AO Non-Executive Director	
Qualifications	BA (Hons)(MQ), Hon.DBus (MQ), Hon.DSc (MU), Hon.DLitt (USYD), Hon.DBus (UTS), Hon.DSc (UW) FCA, FTSE, FAICD, FAA
Experience	<p>Non-Executive Director - Commonwealth Bank of Australia Limited</p> <p>Non-Executive Director - Worley Parsons Limited</p> <p>Non-Executive Director - Saluda Medical Pty Ltd</p> <p>President - Business Council of Australia</p> <p>President - Australian Museum Trust</p> <p>Member - The Commonwealth Science Council, and the Industry Growth Centres Advisory Board</p> <p>Former Chairman - Telstra Corporation Limited</p> <p>Former Non-Executive Director - Macquarie Group Limited and Macquarie Bank Limited</p> <p>Former Member - New South Wales Innovation and Productivity Council</p>





Elsa Fawzia Atkin AM Non-Executive Director (retired 26 February 2016)	
Qualifications	BA
Experience	<p>Non-Executive Director - The George Foundation for Global Health Limited</p> <p>Non-Executive Director - National Trust of Australia (NSW)</p> <p>Non-Executive Director - Synergy &amp; TaikOz Ltd</p> <p>Former Member - NSW Library Council</p> <p>Former CEO and non-Executive Director - National Trust of Australia (NSW)</p> <p>Former Deputy Director - Evatt Foundation</p> <p>Former Senior Executive - Australian Broadcasting Corporation</p> <p>Former member of many Government &amp; non-Government boards, including Symphony Australia, University of Western Sydney (Nepean Campus), and Heritage Council</p>
Eric Paul McClintock AO Non-Executive Director	
Qualifications	BA LLB (USYD)
Experience	<p>Chairman of Myer Holdings Limited</p> <p>Chairman of NSW Ports</p> <p>Chairman of I-MED Network</p> <p>Chair of Sydney Health Partners</p> <p>Director of St Vincent's Health Australia Limited</p> <p>Former Secretary to Cabinet and Head of the Cabinet Policy Unit reporting directly to the Prime Minister as Chairman of Cabinet</p> <p>Former Chair - Medibank Private Limited, Thales Australia, 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</p> <p>Former Director of the Australian Strategic Policy Institute, and Perpetual Limited</p> <p>Former Commissioner of the Health Insurance Commission</p> <p>Former Member - Australia-Malaysia Institute Executive Committee.</p> <p>Honorary Fellow of the Faculty of Medicine of the University of Sydney</p> <p>Life Governor of the Woolcock Institute of Medical Research</p>
Gina Nancy McGregor Anderson Non-Executive Director	
Qualifications	BA, GAICD
Experience	<p>Chair - The George Foundation for Global Health Limited</p> <p>Non-Executive Director - GDI Property Group and GDI Funds Management Ltd</p> <p>Advisory Board Member - Australian Charities and Not-for-profits Commission (ACNC)</p> <p>Advisory Board Member - The Initiative on Corporate Philanthropy for The Conference Board, USA</p> <p>Co-Founder and Chair - Women's Community Shelters Limited</p> <p>Philanthropy Fellow - Centre for Social Impact, University of New South Wales</p> <p>Former Executive Director and Chief Executive - Philanthropy Australia</p>



Jason Yat-Sen Li Non-Executive Director	
Qualifications	BA, LLB (Syd), LLM (NYU)
Experience	Chairman, Vantage Asia Holdings Limited 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 Head of China Strategy, Insurance Australia Group Previously a Solicitor of Corrs Chambers Westgarth Previously a Lawyer of the United Nations International Criminal Tribunal for the former Yugoslavia

Russell Anthony Aboud Non-Executive Director	
Qualifications	MBBS (USYD)
Experience	Executive Chair / Founding Partner - Manikay Partners (New York) 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)

Yasmin Anita Allen Non-Executive Director	
Qualifications	BCom, FAICD
Experience	Non-Executive Director - ASX Limited Non-Executive Director - Cochlear Limited Chair - Cochlear Group Audit Committee Member - ASX Limited Clearing and Settlement Board and Audit Committee Director - National Portrait Gallery, Canberra Former Non-Executive Director - Insurance Australia Group Limited (IAG) Former Chair - Insurance Australia Group Limited (IAG) Nomination and Remuneration Committee Former Member - Insurance Australia Group Limited (IAG) Audit and Risk Committee Former National Director - Australian Institute of Company Directors Former Vice President of Deutsche Bank Former Director of ANZ Investment Bank, Sydney Former Associate Director of HSBC, London Former Chair - Macquarie Global Infrastructure Funds Former Board Member - Export Finance and Insurance Corporation (EFIC) Former Board Member - Film Australia Limited Former Board Member - Red Cross Blood Service Former Member - Salvation Army Advisory Board





Melinda Blanton Conrad Non-Executive Director (appointed 27 November 2015)	
Qualifications	BA (Wellesley), MBA (Harvard), FAICD
Experience	<p>Non-Executive Director - OFX Group Limited</p> <p>Non-Executive Director - The Reject Shop Limited</p> <p>Non-Executive Director - The Centre for Independent Studies</p> <p>Advisory Board Member - Minter Ellison</p> <p>Member - AICD Corporate Governance Council</p> <p>Former Non-Executive Director - David Jones Limited</p> <p>Former Non-Executive Director - APN News &amp; Media Limited</p> <p>Former Non-Executive Director - NSW Clinical Excellence Commission</p> <p>Former Non-Executive Director - NSW Agency for Clinical Innovation</p> <p>Former Non-Executive Director - Garvan Medical Research Institute Foundation</p>
Srinivas Akkaraju Non-Executive Director (appointed 26 February 2016)	
Qualifications	M.D., Ph.D.
Experience	<p>General Partner - Sofinnova Ventures</p> <p>Senior Manager - Genentech, Inc.</p> <p>Director - Intercept Pharmaceuticals Inc.</p> <p>Director - Versartis Inc.</p> <p>Director - aTyr Pharma, Inc.</p> <p>Former Director - ZS Pharma, Inc.</p> <p>Former Director - Eyetech Pharmaceuticals, Inc.</p> <p>Former Director - Synageva Biopharma Corp.</p> <p>Former Director - Barrier Therapeutics, Inc.</p> <p>Former Director - Amarin Corporation plc</p> <p>Former Managing Director - New Leaf Venture Partners</p> <p>Former Co-Founder and Managing Director - Panorama Capital, LLC</p> <p>Former Partner - J.P. Morgan Partners</p>
Robyn Ngaire Norton Executive Director	
Qualifications	BA, MA (Canterbury), MPH, PhD (Syd)
Experience	<p>Principal Director - The George Institute for Global Health</p> <p>Executive Director - The George Foundation for Global Health Limited (AUS) and Beijing George Medical Research Co Ltd (China)</p> <p>Executive Director / Trustee - George Partners Limited (UK)</p> <p>Professor of Global Health and James Martin Professorial Fellow, University of Oxford (UK)</p> <p>Professor of Public Health, University of Sydney Medical School (AUS)</p> <p>Honorary Consultant Epidemiologist, Royal Prince Alfred Hospital (AUS)</p> <p>Honorary Professor, Peking University Health Science Center (China)</p> <p>Member - Health Care Committee, National Health and Medical Research Council (NHMRC) (AUS)</p>



**Stephen William MacMahon** Executive Director

<b>Qualifications</b>	BSc, MA (Canterbury), MPH, PhD (Syd), DSc (UNSW), FAA, FMedSci, FACC, FAHA, FCSANZ
<b>Experience</b>	<p>Executive Director - The George Institute for Global Health (UK) and The George Foundation for Global Health Limited (AUS)</p> <p>Executive Director - George Clinical Pty Ltd (AUS)</p> <p>Founder and CEO - George Health Enterprises Pty Ltd (AUS)</p> <p>Executive Director - George Medicines Pty Ltd &amp; SmartGenRx Pty Ltd (AUS)</p> <p>Non-Executive Director - Oxford Health Alliance (UK)</p> <p>Executive Director / Trustee - George Partners Limited (UK)</p> <p>Professor of Medicine and James Martin Professorial Fellow, University of Oxford (UK)</p> <p>Professor of Cardiovascular Medicine, University of Sydney (AUS)</p> <p>Visiting Professor of Clinical Epidemiology, University Medical Centre Utrecht (Netherlands)</p> <p>Honorary Consultant Epidemiologist, Royal Prince Alfred Hospital (AUS)</p> <p>Honorary Professor, University of Auckland, Auckland, New Zealand</p> <p>Honorary Professor, Peking University Health Science Center (China)</p> <p>Director - Macromedica Pty Ltd</p> <p>Former Chair - International Scientific Board, UK BioBank</p>





## 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		Development Committee		George Health Enterprises Committee <sup>#</sup>		Finance, Risk and Audit Committee <sup>^</sup>		Research Committee <sup>+</sup>	
	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	3	3	-	-	-	-	-	-	5	5	4	4
David Armstrong	4	4	-	-	-	-	-	-	-	-	5	5	-	-
Catherine Livingstone	4	3	3	2	-	-	-	-	-	-	-	-	4	3
Gina Anderson	4	4	-	-	-	-	4	4	-	-	-	-	-	-
Elsa Atkin*	3	2	-	-	-	-	4	4	-	-	-	-	-	-
Jason Yat-sen Li	4	4	-	-	-	-	4	3	-	-	-	-	-	-
Paul McClintock	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Russell Aboud	4	2	-	-	-	-	-	-	4	2	-	-	-	-
Yasmin Allen	4	3	-	-	-	-	-	-	3	3	-	-	-	-
Robyn Norton	4	4	-	-	-	-	-	-	-	-	5	4	4	4
Stephen MacMahon	4	4	-	-	-	-	4	4	4	4	-	-	4	4
Melinda Conrad	2	2	-	-	-	-	2	2	-	-	-	-	-	-
Srinivas Akkaraju	2	2	-	-	-	-	-	-	4	4	-	-	-	-

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

<sup>+</sup> 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.

<sup>#</sup> The membership of the George Health Enterprises Committee includes the following additional individuals Mohit Kaushal, Scott Featherston and Staph Leavonworth-Bakali

\* Retired from the Board as at 26 February 2016.



**Insurance of Officers**

During the year, the Company paid a premium of \$27,459 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 (Cth)* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute \$10 towards meeting any outstanding obligations of the Company. As at 30 June 2016 the number of members was twelve.

**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 2016 has been received and can be found on page 10 of the Directors' Report.

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



Michael John Hawker (Director)

Dated this 26 day of August 2016



Stephen William MacMahon (Director)

Dated this 26 day of August 2016





**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 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian professional ethical pronouncements 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, 26 August 2016

## STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated	
		2016	2015
		\$	\$
Operating Revenue	2	67,205,528	61,111,674
Other Income	2	2,937,757	2,547,201
Employee Benefits Expense		(40,009,834)	(34,914,379)
Depreciation and Amortisation Expense	3	(925,430)	(1,011,803)
Rental Expense	3	(2,739,421)	(2,539,862)
Administration Expense		(2,533,520)	(1,865,458)
Study Contract Fee		(6,824,798)	(6,291,950)
Patient Recruitment Expense		(2,115,177)	(1,781,122)
Consultants and Sub-contractors Fee		(4,724,452)	(5,362,384)
Travel/Accommodation Costs		(2,511,469)	(2,324,283)
Other Expenses		(7,036,116)	(6,058,461)
Realised Loss on Disposal of Financial Assets		(1,903)	(15,695)
Share of Loss of Jointly Controlled Entity	9	(297,306)	-
<b>Surplus before Income Tax</b>		<b>423,859</b>	<b>1,493,479</b>
<b>Income Tax</b>		<b>(253,062)</b>	<b>(247,071)</b>
<b>Surplus after Income Tax</b>		<b>170,797</b>	<b>1,246,408</b>
<b>Other Comprehensive Income</b>			
Items which will be reclassified subsequently to surplus or deficit when specific conditions are met:			
Exchange Differences on Translation of Foreign Operations		(191,762)	127,860
Changes in the Fair Value of Available-for-sale Financial Assets		(443,251)	11,178
<b>Total Other Comprehensive (Expense)/Income for the Year</b>		<b>(635,013)</b>	<b>139,038</b>
<b>Total Comprehensive (Loss)/Income for the Year</b>		<b>(464,216)</b>	<b>1,385,446</b>

The accompanying notes form part of these financial statements.





## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated	
		2016	2015
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	19,029,429	15,629,134
Trade and Other Receivables	5	12,073,447	16,328,599
Other Assets	6	1,459,246	1,228,509
Accrued Income	7	4,523,584	3,314,407
<b>TOTAL CURRENT ASSETS</b>		<b>37,085,706</b>	<b>36,500,649</b>
<b>NON-CURRENT ASSETS</b>			
Other Financial Assets	8	8,538,633	8,637,763
Investments Accounted for using Equity Method	9	1,259,732	-
Plant and Equipment	10	1,256,813	1,520,058
Intangible Assets	11	167,229	1,088,100
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,222,407</b>	<b>11,245,921</b>
<b>TOTAL ASSETS</b>		<b>48,308,113</b>	<b>47,746,570</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	2,954,347	3,424,583
Deferred Income	13	28,782,694	27,787,642
Provisions	14	4,609,505	4,198,811
<b>TOTAL CURRENT LIABILITIES</b>		<b>36,346,546</b>	<b>35,411,036</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	15	779,698	689,448
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>779,698</b>	<b>689,448</b>
<b>TOTAL LIABILITIES</b>		<b>37,126,244</b>	<b>36,100,484</b>
<b>NET ASSETS</b>		<b>11,181,869</b>	<b>11,646,086</b>
<b>EQUITY</b>			
Foreign Currency Translation Reserve		(476,615)	(284,853)
Available-for-sale Financial Asset Reserve		202,530	645,781
Accumulated Surplus		11,455,954	11,285,158
<b>TOTAL EQUITY</b>		<b>11,181,869</b>	<b>11,646,086</b>

The accompanying notes form part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

Consolidated	Accumulated Surplus	Available- for-sale Financial Asset Reserve*	Foreign Currency Translation Reserve#	Total equity
	\$	\$	\$	\$
Balance at 1 July 2014	10,038,750	634,603	(412,713)	10,260,640
Surplus for the year	1,246,408	-	-	1,246,408
Other comprehensive income for the year	-	11,178	127,860	139,038
<b>Total comprehensive income for the year</b>	<b>1,246,408</b>	<b>11,178</b>	<b>127,860</b>	<b>1,385,446</b>
Balance at 30 June 2015	11,285,157	645,781	(284,853)	11,646,085
Surplus for the year	170,797	-	-	170,797
Other comprehensive loss for the year	-	(443,251)	(191,762)	(635,013)
<b>Total comprehensive income/(loss) for the year</b>	<b>170,797</b>	<b>(443,251)</b>	<b>(191,762)</b>	<b>(464,216)</b>
Balance at 30 June 2016	11,455,954	202,530	(476,615)	11,181,869

### \* 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 2016

	Note	Consolidated	
		2016	2015
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipt of grants and contract revenue		77,082,630	63,844,474
Payments to suppliers and employees		(72,559,574)	(63,272,055)
Dividends received		315,239	361,611
Interest received		58,547	270,509
Net cash generated from operating activities	20b	<b>4,896,842</b>	<b>1,204,538</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(677,832)	(556,708)
Payment for Intangibles		(80,322)	(370,460)
Proceeds from sale of available-for-sale investments		668,516	1,152,429
Payment for available-for-sale investments		(1,088,026)	(1,292,503)
Receipt of held-to-maturity investments		1,950,000	1,600,000
Payment for held-to-maturity investments		(2,150,000)	(1,750,000)
Net cash used in investing activities		<b>(1,377,664)</b>	<b>(1,217,242)</b>
Net increase/(decrease) in cash and cash equivalents held		3,519,179	(12,704)
Effect of exchange rate fluctuations on cash and cash equivalents		(118,884)	937,598
Cash and cash equivalents at the beginning of the financial year		15,629,134	14,704,240
Cash and cash equivalents at the end of the financial year	20a	<b>19,029,429</b>	<b>15,629,134</b>

The accompanying notes form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

## 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 26 August 2016.

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 *Australian Charities and Not-for-profits Commission Act 2012* as appropriate for not-for-profit oriented entities.

*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 2016 and the results of all the subsidiaries for the year ended 30 June 2016. 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.

Jointly controlled entities are those entities over whose activities the Consolidated Entity has joint control, established by contractual agreement. In the consolidated financial statements, jointly controlled entities are accounted for using the equity method of accounting. Where the equity method is applied, the consolidated financial statements include the Consolidated Entity's share of the total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. Then the Consolidated Entity's share of losses exceeds its interest in the jointly controlled entity, the Consolidated Entity's carrying amount is reduced to \$nil the recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred obligations or made payments on behalf of the jointly controlled entity. 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 *Australian Charities and Not-for-profits Commission Act 2012*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 21.





## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 six 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.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 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.





## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Investment and Financial Assets (Continued)*

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 (P&E) is carried at cost, less, where applicable, accumulated depreciation and impairment losses.

*Depreciation*

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

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Furniture and equipment	10% - 33.33%
Motor vehicle	Over the life of the project

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

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





## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**k. Intangible Assets***Polypill Development Cost*

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.

*Trademark*

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

**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.





## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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	
	2016	2015
	\$	\$
<b>Operating Revenue</b>		
<i>Revenue from government grants and other contract revenue</i>		
State/Federal government grants	30,977,614	30,379,405
Other organisations	36,227,914	30,732,269
<b>Total Operating Revenue</b>	<b>67,205,528</b>	<b>61,111,674</b>
<b>Other Income</b>		
Net foreign exchange gains (realised/unrealised)	255,507	1,067,301
Dividends received (including dividends reinvested)	316,352	361,611
Interest received	187,694	229,647
Gain on Transfer of IP	555,845	-
Other	1,622,359	888,642
<b>Total Other Income</b>	<b>2,937,757</b>	<b>2,547,201</b>
<b>Total Operating Revenue and Other Income</b>	<b>70,143,285</b>	<b>63,658,875</b>

## NOTE 3

### EXPENSES

	Consolidated	
	2016	2015
	\$	\$
<b>Surplus for the year includes the following specific expenses:</b>		
<i>Depreciation and Amortisation:</i>		
Furniture and fittings	604,509	427,588
Office equipment	304,642	510,728
Motor vehicles	16,279	73,488
	<b>925,430</b>	<b>1,011,804</b>
<i>Rental Expense:</i>		
Rental Expense on operating leases	2,739,421	2,539,862
	<b>2,739,421</b>	<b>2,539,862</b>

## NOTE 4

### CASH AND CASH EQUIVALENTS

	Consolidated	
	2016	2015
	\$	\$
<b>CURRENT</b>		
Cash at bank	19,024,074	15,624,067
Cash on hand	5,355	5,067
	<b>19,029,429</b>	<b>15,629,134</b>





**NOTE 5**

**TRADE AND OTHER RECEIVABLES**

	Consolidated	
	2016 \$	2015 \$
<b>CURRENT</b>		
Trade receivables	10,936,519	14,586,824
Other receivables	1,136,928	1,741,775
	<b>12,073,447</b>	<b>16,328,599</b>

**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 \$	
<b>2016</b>							
Trade receivables	10,936,519	-	2,542,719	1,349,299	639,235	-	6,405,266
Other receivables	1,136,928	-	-	-	-	-	1,136,928
<b>Total</b>	<b>12,073,447</b>	<b>-</b>	<b>2,542,719</b>	<b>1,349,299</b>	<b>639,235</b>	<b>-</b>	<b>7,542,194</b>
<b>2015</b>							
Trade receivables	14,586,824	-	1,362,867	314,252	405,256	-	12,504,449
Other receivables	1,741,775	-	-	-	-	-	1,741,775
<b>Total</b>	<b>16,328,599</b>	<b>-</b>	<b>1,362,867</b>	<b>314,252</b>	<b>405,256</b>	<b>-</b>	<b>14,246,224</b>

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	
	2016	2015
	\$	\$
<b>CURRENT</b>		
Prepayments	491,018	496,695
Deposits and bonds	851,729	731,814
1 King St Fit-Out	116,499	-
	<b>1,459,246</b>	<b>1,228,509</b>

## NOTE 7

### ACCRUED INCOME

	Consolidated	
	2016	2015
	\$	\$
<b>CURRENT</b>		
Accrued income - revenue recognised but unbilled	4,523,584	3,314,407

## NOTE 8

### OTHER FINANCIAL ASSETS

	Consolidated	
	2016	2015
	\$	\$
<b>NON CURRENT</b>		
Available-for-sale financial assets comprise:		
Securities in listed corporations	6,691,464	6,717,113
Held-to-maturity Investments comprise:		
Term deposits/bank bills - maturity less than 12 months	1,847,169	1,920,650
	<b>8,538,633</b>	<b>8,637,763</b>

## NOTE 9

### INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Consolidated Entity accounts for investments in jointly controlled entities using the equity method. Investments are in companies incorporated in Australia unless otherwise specified.

Name	Principal place of business / Country of incorporation	Ownership interest	
		2016 %	2015 %
SmartGenRx Pty Ltd	Australia	84.11%	-

The above 84.11% is representative of the B Class Share holding as of 30 June 2016, upon which the net result of the SmartGenRx Pty Ltd is allocated. A Class Shares, which have voting rights, are split 50% to each of the shareholding partners, which (along with other factors) prevents the Consolidated Entity from having control.





NOTE 9: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Summarised financial information;

	SmartGenRx Pty Ltd	
	2016	2015
	\$	\$
<i>Summarised statement of financial position</i>		
Current assets	498,500	-
Non-current assets	1,001,193	-
Total assets	1,499,693	-
Current liabilities	1,973	-
Non-current liabilities	-	-
Total liabilities	1,973	-
Net assets	1,497,720	-
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	-	-
Expenses	353,473	-
Loss before income tax	353,473	-
Income tax expense	-	-
Loss after income tax	353,473	-
Other comprehensive expense	-	-
Total comprehensive loss	353,473	-
<i>Reconciliation of the consolidated entity's carrying amount</i>		
Equity contribution to jointly controlled entity	1,557,038	-
Share of loss after income tax	(297,306)	-
Closing carrying amount	1,259,732	-

*Contingent liabilities*

	Consolidated	
	2016	2015
	\$	\$
Share of bank guarantees	-	-

*Commitments*

	Consolidated	
	2016	2015
	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:	-	-
Share of capital commitments	-	-



## NOTE 10

### PLANT AND EQUIPMENT

	Consolidated	
	2016	2015
	\$	\$
<b>NON-CURRENT</b>		
Furniture and Equipment		
At cost	7,388,652	6,841,388
Less accumulated depreciation	(6,131,839)	(5,321,330)
	<b>1,256,813</b>	<b>1,520,058</b>

#### 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
	\$	\$
<b>2016</b>		
Carrying amount at the beginning of the year	1,520,058	1,520,058
Additions at cost	677,832	677,832
Exchange differences	(15,647)	(15,647)
Depreciation expense	(925,430)	(925,430)
Carrying amount at the end of the year	<b>1,256,813</b>	<b>1,256,813</b>

## NOTE 11

### INTANGIBLE ASSETS

	Consolidated	
	2016	2015
	\$	\$
<b>NON-CURRENT</b>		
Polypill development - at cost	-	1,001,193
Trademark - at cost	167,229	86,907
	<b>167,229</b>	<b>1,088,100</b>

#### 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:

	Polypill development	Trademark
	\$	\$
<b>2016</b>		
Carrying amount at the beginning of the year	1,001,193	86,907
Additions at cost	-	80,322
Transfer to SmartGenRx Pty Ltd	(1,001,193)	-
Carrying amount at the end of the year	<b>-</b>	<b>167,229</b>





## NOTE 12

### TRADE AND OTHER PAYABLES

	Consolidated	
	2016	2015
	\$	\$
<b>CURRENT</b>		
Trade payables	719,348	1,344,315
Other payables and accruals	2,234,999	2,080,268
	<u>2,954,347</u>	<u>3,424,583</u>

## NOTE 13

### DEFERRED INCOME

	Consolidated	
	2016	2015
	\$	\$
<b>CURRENT</b>		
Deferred income - unutilised amount of funding	<u>28,782,694</u>	<u>27,787,642</u>

## NOTE 14

### PROVISIONS

	Consolidated	
	2016	2015
	\$	\$
<b>CURRENT</b>		
Employee benefits - annual leave	2,064,343	1,888,754
Employee benefits - long service leave	706,162	566,213
Provision for onerous lease	-	143,844
Bonus provision	1,639,000	1,600,000
1 King St Fit-Out	200,000	-
	<u>4,609,505</u>	<u>4,198,811</u>

	Provision for onerous lease	Bonus provision
	\$	\$
Carrying amount at the beginning of the year	143,844	1,600,000
Utilised during the year	(143,844)	(1,600,000)
Additional provision recognised	-	1,639,000
Carrying amount at the end of the year	<u>-</u>	<u>1,639,000</u>



**NOTE 15**  
**PROVISIONS**

	Consolidated	
	2016	2015
	\$	\$
<b>NON-CURRENT</b>		
Employee benefits - long service leave	779,698	689,448
	<u>779,698</u>	<u>689,448</u>

**NOTE 16**  
**CAPITAL AND LEASING COMMITMENTS**

	Consolidated	
	2016	2015
	\$	\$
<b>Operating Lease Commitments</b>		
<i>Non-cancellable operating leases contracted for but not capitalised in the financial statements</i>		
<i>Payable - minimum lease payments</i>		
Less than one year	2,371,050	1,932,464
Between one and five years	987,388	2,235,812
	<u>3,358,438</u>	<u>4,168,276</u>

**NOTE 17**  
**CONTINGENT LIABILITIES**

There are no contingent liabilities or contingent assets at 30 June 2016 (30 June 2015: \$Nil)

**NOTE 18**  
**KEY MANAGEMENT PERSONNEL COMPENSATION**

	Consolidated	
	2016	2015
	\$	\$
Total compensation	<u>1,218,827</u>	<u>1,183,063</u>

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





**NOTE 19**

**RELATED PARTY DISCLOSURES**

	2016 \$	2015 \$
<b>a) Key management personnel</b>		
Disclosures relating to key management personnel are set out in note 18		
<b>b) Loans to Related parties</b>		
The George Foundation for Global Health	-	70,188
George Clinical Pty Ltd	13,626,856	12,514,124
George Partners Limited	-	3,118
George Clinical Asia Pacific Limited	66,374	64,234
George Clinical (UK) Limited	57,001	4,743
The above loans eliminate on consolidation		
<b>c) Loans From Related parties</b>		
Beijing George Medical Research Co. Ltd	(269,052)	(387,834)
George Institute for Global Health (India)	(158,341)	(461,905)
George Partners Limited	(92,389)	-
Academic Alliance for Clinical Trials LLP	(3,316,265)	(3,316,265)

The above loans eliminate on consolidation

Catherine Brighid Livingstone AO, who is a Director of the Company, was the Chair of Telstra Corporation Limited until 27 April 2016. During the financial year ending 30 June 2016, fees totalling \$412,500 were received from Telstra Health in a commercial arrangement to conduct a series of joint health research projects (2015: \$500,000 were received).



**NOTE 20**

**CASH FLOW INFORMATION**

	Consolidated	
	2016	2015
	\$	\$
<b>a. Reconciliation of cash and cash equivalents</b>		
Cash at bank	19,024,074	15,624,067
Cash on hand	5,355	5,066
	<b>19,029,429</b>	<b>15,629,133</b>
<b>b. Reconciliation of Cash flow from Operations with Surplus</b>		
Surplus after income tax	170,797	1,246,408
<i>Non cash flows:</i>		
Depreciation and amortisation	925,430	1,011,803
Loss on disposal of available-for-sale financial assets	(1,903)	(15,695)
Dividends reinvested	316,352	(361,611)
Net exchange differences	(354,832)	(726,600)
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in trade and other receivables	4,255,152	(4,656,928)
Increase in other assets	(230,737)	(1,858,877)
(Decrease)/Increase in trade and other payables	(470,236)	559,272
(Decrease)/Increase in deferred income	(214,125)	4,577,941
Increase in provisions	500,944	1,428,824
<b>Net cash generated from operating activities</b>	<b>4,896,842</b>	<b>1,204,538</b>





**NOTE 21**

**PARENT ENTITY DISCLOSURES**

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

	2016 \$	2015 \$
<b>Results of parent entity</b>		
(Deficit)/Surplus for the year	(1,179,001)	7,379
Other comprehensive (loss)/income	(443,251)	11,178
<b>Total comprehensive (loss)/income for the year</b>	<b>(1,622,252)</b>	<b>18,557</b>
<b>Financial position of parent entity at year end</b>		
Current assets	30,136,579	14,999,910
Total assets	40,387,314	41,162,313
Current liabilities	33,146,303	33,082,215
Total liabilities	33,926,351	33,079,097
<b>Total equity of the parent entity comprising of:</b>		
Accumulated surplus	6,258,432	7,437,434
Available-for-sale financial asset reserve	202,530	645,781
<b>Total equity</b>	<b>6,460,962</b>	<b>8,083,216</b>



## NOTE 22

### 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% (2015: 100%)

**The George Foundation for Global Health Limited**

Country of Incorporation: Australia

Percentage owned: 100% (2015: 100%)

**The George Institute for Global Health (UK)**

Country of Incorporation: United Kingdom

Percentage owned: 100% (2015: 100%)

**George Partners Limited**

Country of Incorporation: United Kingdom

Percentage owned: 100% (2015: 100%)

**Academic Alliance for Clinical Trials LLP**

Country of Incorporation: United States of America

Percentage owned: 100% (2015: 100%)

**George Institute for Global Health**

Country of Incorporation: India

Percentage owned: 100% (2015: 100%)

**Beijing George Medical Research Co. Ltd**

Country of Incorporation: China

Percentage owned: 100% (2015: 100%)

**George Clinical India Private Ltd**

Country of Incorporation: India

Percentage owned: 100% (2015: 100%)

**George Clinical Asia Pacific Limited**

Country of Incorporation: Hong Kong

Percentage owned: 100% (2015: 100%)

**George Health Enterprises Pty Limited**

Country of Incorporation: Australia

Percentage owned: 100% (2015: 100%)

**George Clinical (UK) Limited**

Country of Incorporation: United Kingdom

Percentage owned: 100% (2015: 100%)

**George Medicines Pty Limited**

Country of Incorporation: Australia

Percentage owned: 100% (2015: N/A)

**George Clinical Inc.**

Country of Incorporation: United States of America

Percentage owned: 100% (2015: N/A)





## DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements and notes, as set out on pages 11 to 31, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* 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 2016 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 26 day of August 2016



Stephen William MacMahon (Director)

Dated this 26 day of August 2016



## 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 2016, 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 *Australian Charities and Not-for-profit Commission Act 2012* 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.



## Opinion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profit Commission Regulation 2013*.

## BDO East Coast Partnership

A handwritten signature in black ink. The signature starts with 'BDO' in a stylized, cursive-like font, followed by a large, flowing signature that appears to be 'Paul Bull'.

**Paul Bull**  
Partner

Sydney, 26 August 2016