

STATUTORY

**THE GEORGE INSTITUTE FOR
INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331**

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THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2007.

The names of the directors in office at anytime during or since the end of the year are:

Stephen William MacMahon
Robyn Ngaire Norton
Donald Gordon Green
Andrew Justin Coats
Peter Campbell Church
Joanna Capon (Appointed March 2007)
John Yu (Appointed September 2006)
Jason Yat-sen Li (Appointed June 2007)
Elsa Atkin (Appointed June 2007)

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

The net profit of the company for the financial year after providing for income tax amounted to \$743,656.

A review of the operations of the company during the financial year and the results of those operations are as follows in line with the budget.

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

The principal activities of the company during the financial year were:

Clinical and Epidemiological Research

No significant change in the nature of these activities occurred during the financial year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

No dividends were paid during the year and no recommendation is made as to dividends.

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

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331**

DIRECTORS' REPORT

Information on Directors

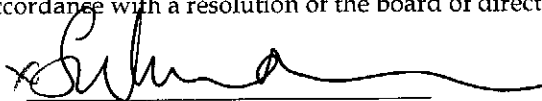
Stephen William MacMahon Professor of Cardiovascular Medicine & Epidemiology	Director 8.5 years
Donald Gordon Green Chartered Accountant	Director 3.8 years
John Yu-Appointed September 2006	Director 1 year
Joanna Capon-Appointed March 2007 Art Historian	Director 6 months
Robyn Ngaire Norton Professor of Public Health	Director 8.5 years
Andrew Justin Coats Professor - Dean of Faculty of Medicine, University of Sydney	Director 3 years
Peter Campbell Church Solicitor	Director 3 years
Jason Yat-sen Li-Appointed June 2007 Lawyer	Director 3 month
Elsa Atkin-Appointed July 2007 Director/ Consultant	Director 2 month


During the year since the last Annual General Meeting there have been 4 ordinary board meetings. The attendance at these meetings were as follows:

	Attended	Apologies
Stephen William MacMahon	4	0
Robyn Ngaire Norton	4	0
Donald Gordon Green	3	1
Andrew Justin Coats	3	1
Peter Campbell Church	2	2
Joanna Capon	2	0
John Yu	3	0
Jason Yat-sen Li	0	0
Elsa Atkin	0	0

Number of Employees at year end:	2007 153	2006 125
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Signed in accordance with a resolution of the board of directors:

Director 
Stephen William MacMahon

Director 
Donald Gordon Green

Dated: 30 October 2007

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF
THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



Keith Eric Wearne
Partner - Wearne & Co
Chartered Accountant

Dated: 5 November 2007

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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ABN 90 085 953 331**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Revenue	2	43,558,042	30,034,366
Other revenue	2	224	2,483,345
Employee benefits expense		-8,222,534	-4,402,183
Internet Costs		-66,174	-50,482
Depreciation and amortisation expenses		-220,691	-274,719
Finance costs		0	-283
Other expenses		<u>-34,305,210</u>	<u>-27,186,733</u>
Profit before income tax expense	3	743,656	35,731
Income tax expense		<u>0</u>	<u>0</u>
Profit attributable to member of the company		<u>743,656</u>	<u>35,731</u>

The accompanying notes form part of these financial statements.

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	4	15,902,283	21,416,116
Trade and other receivables	5	27,397,439	32,808,880
Other current assets	6	950,481	840,706
TOTAL CURRENT ASSETS		<u>44,250,203</u>	<u>55,065,702</u>
NON-CURRENT ASSETS			
Trade and other receivables	5	20,398,877	20,766,343
Financial assets	7	748,531	748,531
Property, plant and equipment	8	867,421	847,611
Other Financial assets	9	8,021,497	6,913,270
TOTAL NON-CURRENT ASSETS		<u>30,036,326</u>	<u>29,275,755</u>
TOTAL ASSETS		<u>74,286,529</u>	<u>84,341,457</u>
CURRENT LIABILITIES			
Trade and other payables	10	8,094,153	7,748,890
Short-term provisions	11	14,209,329	27,439,702
TOTAL CURRENT LIABILITIES		<u>22,303,482</u>	<u>35,188,593</u>
NON-CURRENT LIABILITIES			
Long-term provisions	12	44,522,815	42,436,289
TOTAL NON-CURRENT LIABILITIES		<u>44,522,815</u>	<u>42,436,289</u>
TOTAL LIABILITIES		<u>66,826,297</u>	<u>77,624,881</u>
NET ASSETS		<u>7,460,232</u>	<u>6,716,576</u>
EQUITY			
Retained profits		7,460,232	6,716,576
TOTAL EQUITY		<u>7,460,232</u>	<u>6,716,576</u>

The accompanying notes form part of these financial statements.

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2007**

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2005	6,680,845	6,680,845
Profit attributable to equity	<u>35,731</u>	<u>35,731</u>
Balance at 30 June 2006	<u>6,716,576</u>	<u>6,716,576</u>
Profit attributable to equity	<u>743,656</u>	<u>743,656</u>
Balance at 30 June 2007	<u><u>7,460,232</u></u>	<u><u>7,460,232</u></u>

The accompanying notes form part of these financial statements.

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from Grants		38,209,805	27,418,432
Payment to Suppliers and Employees		-43,090,563	-30,346,653
Foreign Exchange Gains / (Loss)		-2,324,782	1,915,765
Net cash used in operating activities	13	<u>-7,205,540</u>	<u>-1,012,456</u>
Cash flows from investing activities			
Payment for Property, Plant and Equipment		-375,323	-358,830
Interest Received		969,967	808,248
Dividends Received		1,097,063	1,150,821
Proceeds from Sale of Investments		0	-104,282
Net cash provided by investing activities		<u>1,691,707</u>	<u>1,495,957</u>
Net decrease in cash held		-5,513,833	483,501
Cash at beginning of year		<u>21,416,116</u>	<u>20,932,615</u>
Cash at end of year	13	<u><u>15,902,283</u></u>	<u><u>21,416,116</u></u>

The accompanying notes form part of these financial statements.

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

The George Institute For International Health is a company limited by guarantee, incorporated and domiciled in Australia.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated:

Accounting Policies

(a) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charges against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's 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 income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(b) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs. 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.

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(d) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Revenue from the rendering of a service is recognised upon the delivery of a service to the customers.

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

(e) 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 Tax 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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(f) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(g) Income Tax

The company is exempt from income tax in accordance with Section 50-5 of the Income tax Assessment Act.

(h) Members Guarantee

The company is 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 2007 the number of members was 7 (2006-5).

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(i) Future Project Revenue

The George Institute for International Health receives funding based on its contributions to the university in terms of teaching and research. Revenue has been recognised in these accounts to the extent of the contributions made and known by the university for the period ending 31 December 2005.

The Institute has an expectation that such contributions will continue, however this is not certain, nor is any amount of any contribution certain.

The Institute has therefore recognised any revenue in respect of any contribution for the calendar year 2006 which may be attributable to the six months of operation up to June 2007.

Critical accounting estimates and adjustments

The directors evaluate estimates and judgements incorporated into the financial report 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 company.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
2. REVENUE			
Operating activities			
Rendering of services		41,491,012	28,075,297
Dividends received	2(a)	1,097,063	1,150,821
Interest received	2(b)	969,967	808,248
Total Revenue		43,558,042	30,034,366
Non-operating activities			
Gain on disposal of property, plant and equipment		224	-
Foreign currency exchange gain		-	1,915,765
Other Revenue		224	1,915,765
(a) Dividends received from:			
Other corporations		1,097,063	1,150,821
(b) Interest received from:			
Other corporations		969,967	808,248
3. PROFIT BEFORE INCOME TAX			
(a) Expenses:			
Provision for Long Service Leave		49,586	105,585
Provision for Annual Leave		450,042	316,871
Provision for Bonuses		738,845	498,035
(b) Revenue and net gains:			
Net gain on disposal of non-current assets:			
Property, plant and equipment		224	-
(c) Significant revenue and expenses:			
The following significant revenue and expense items are relevant in explaining the financial performance:			
Loss on Sale of Office Equipment		-	(42,225)
Gain on Investments		115,710	89,285

THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
4. CASH AND CASH EQUIVALENTS			
Cash on hand		63,873	23,503
*Cash at bank- Westpac		75,356	287,151
*Cash at bank- Westpac USD		368,567	174,033
*Cash at bank- Westpac 11 AM		727,300	2,869,189
*Cash at bank- Westpac Servier Gift Fund		313,546	300,657
*Cash at bank- Westpac 60 Day TD		2,486,285	2,361,989
*Cash at Bank- Westpac GBP Term Deposit		462,730	-
*Cash at Bank- Westpac USD Term Deposit		11,214,414	15,171,387
*Cash at Bank- Westpac GBP Cheque		104,779	42,252
*Cash at Bank - Westpac EURO		85,743	135,513
*Cash at Bank - Peking China		(311)	50,441
		15,902,283	21,416,116
5. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade debtors (Less provision for doubtful debts-\$Nil)		27,302,590	32,607,777
Other debtors		94,848	12,694
		27,397,439	32,808,880
NON-CURRENT			
Trade debtors- AUS		20,398,877	20,766,343
6. OTHER ASSETS			
CURRENT			
*Loan- The George Foundation for International Health Ltd		1,500	-
*Loan - George Medica Pty Ltd		232,549	188,409
Prepayments		716,433	840,706
		950,481	840,706
7. FINANCIAL ASSETS			
Available-for-sale financial assets		748,531	748,531
Analysis of total financial assets:			
Non-current		748,531	748,531

Available-for-sale financial assets comprise:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
Shares in Subsidiary Company George Medica Pty Ltd- at Cost		<u>748,531</u>	<u>748,531</u>
8. PROPERTY, PLANT AND EQUIPMENT			
Motor vehicles- at Cost		56,262	56,262
Less accumulated depreciation		<u>(38,121)</u>	<u>(24,552)</u>
		<u>18,142</u>	<u>31,711</u>
Office equipment- at Cost		1,326,960	1,068,757
Less accumulated depreciation		<u>(970,117)</u>	<u>(749,498)</u>
		<u>356,843</u>	<u>319,260</u>
Furniture and fittings- at Cost		714,802	614,043
Less accumulated depreciation		<u>(222,365)</u>	<u>(117,402)</u>
		<u>492,436</u>	<u>496,641</u>
Total property, plant and equipment		<u><u>867,421</u></u>	<u><u>847,611</u></u>
9. OTHER FINANCIAL ASSETS			
Bell Potter - at cost		6,094,461	5,694,169
Caledonia - at cost		1,414,696	1,219,101
Shares held in Subsidiaries		<u>512,340</u>	<u>-</u>
		<u><u>8,021,497</u></u>	<u><u>6,913,270</u></u>
10. TRADE AND OTHER PAYABLES			
CURRENT			
Trade creditors		32,815	46,637
Other creditors		<u>8,061,339</u>	<u>7,702,253</u>
		<u><u>8,094,153</u></u>	<u><u>7,748,890</u></u>

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
11. PROVISIONS			
Future Project Liability - current		12,297,098	26,078,184
Provision for Employee Entitlements		1,912,230	1,361,519
Future Project Liability - non current		44,522,815	42,436,289
		58,732,143	69,875,991
 Analysis of Total Provisions			
Current		14,209,329	27,439,702
Non-current		44,522,815	42,436,289
		58,732,143	69,875,991
 12. CONTINGENT LIABILITIES			
Estimates of the potential financial effect of contingent liabilities that may become payable:			
Future Project Liability			
The company has a Future Project Liability for:			
Amount payable under project agreements- current			
		12,297,098	26,078,184
Amount payable under project agreements- non current			
		44,522,815	42,436,289

THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
13. CASH FLOW INFORMATION			
(a) Reconciliation of Cash			
Cash at the end of financial year as shown in the			
Cash at Bank		15,902,283	21,416,116
		15,902,283	21,416,116
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax			
Profit from ordinary activities after income tax		743,656	35,731
Non-cash flows in profit from ordinary activities:			
Provision for Annual Leave		450,042	316,871
Provision for Long Service Leave		49,586	105,585
Depreciation		220,691	274,719
Provision for Bonuses		738,845	498,035
Dividends Received		(1,097,063)	(1,150,821)
(Profit)/Loss on Sale of Non Current Assets		224	42,225
(Profit)/Loss on Sale of Investments		-	(89,285)
Interest Received		(969,967)	(808,248)
Changes in Assets & Liabilities:			
(Increase)/Decrease in Other Debtors		(82,154)	5,770
(Increase)/Decrease in Investments		(615,697)	(1,904,369)
(Increase)/Decrease in Prepayments		124,273	74,413
Increase/(Decrease) in Trade Creditors & Other		895,974	402,254
(Increase)/Decrease in Receivables		5,672,653	(22,658,256)
Increase/(Decrease) in Provisions for Future project		(11,694,559)	23,850,333
(Increase)/Decrease in Related Party Loans		(557,980)	(7,413)
Net cash provided by operating activities		(6,121,476)	(1,012,456)

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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Information to be furnished under the Charitable Fundraising Act 1991

Details of aggregate gross income and total expenses of Fundraising appeals

	2007
No fundraising activities have been carried out during the 2006/7 Financial Year	\$
Gross proceeds from fundraising appeals	
Donations	-
	-
Less: cost of fundraising appeals	
Cost of fundraising appeals	-
	-
Net surplus obtained from fundraising appeals	-

Statement showing how funds received were applied to charitable purposes

Net surplus from fundraising appeals	-
Income from other sources	-
Drawn from/ (added to) retained profits	-
	-
	-

This was applied to the charitable purposes in the following manner

Expenditure on direct services	-
Expenditure on recurrent administration	-

fundraising appeals conducted during the period

Comparisons of monetary figures and percentages

Comparisons	\$	%
Total cost of fundraising/ gross income from fundraising	0	0.00%
Net surplus from fundraising/ gross income from fundraising	0	0.00%
Total cost of services/ total expenditure	0	0.00%
Total cost of services/ income received	0	0.00%

THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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DIRECTORS' DECLARATION

The directors declare that the company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 5 to 18 are in accordance with the Corporations Act 2001:
 - (a) comply with accounting standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date with the accounting policies described in Note 1 to the financial statements;
2. in the directors' opinion 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.

Director



Stephen William MacMahon

Director



Donald Gordon Green

Dated:

30 October 2007

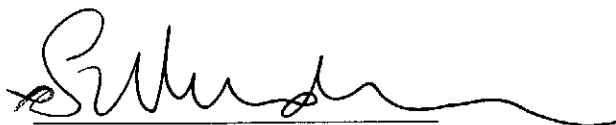
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DIRECTORS' DECLARATION

I, Stephen William MacMahon, a director of The George Institute For International Health Limited declare that in my opinion:

- (a) the statement of financial position gives a true and fair view of all income and expenditure of the Institute with respect to fundraising appeals; and
- (b) the statement of financial performance gives a true and fair view of the state of affairs of the Institute with respect to fundraising appeals; and
- (c) the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority to fundraise have been complied with; and
- (c) the internal controls of the Institute are appropriate and effective in accounting for all income received and applied from its fundraising appeals.

Director



Stephen William MacMahon

Dated: 30 October 2007

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331**

**INDEPENDENT AUDIT REPORT
TO THE MEMBER OF
THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH**

Scope

We have audited the attached financial report, being a special purpose financial report of The George Institute For International Health for the financial year ended 30 June 2007, as set out on pages 5 to 20. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the member. We have conducted an independent audit of the financial report in order to express an opinion on it to the member of The George Institute For International Health. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to meet the needs of the member.

The financial report has been prepared for distribution to member for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the member, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with accounting policies described in Note 1, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration, set out on page 4 of the financial report, has not changed as at the date of providing our audit opinion.

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331**

**INDEPENDENT AUDIT REPORT
TO THE MEMBER OF
THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH**

Audit Opinion

In our opinion, the financial report of The George Institute For International Health is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June, 2007 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - (ii) complying with Accounting Standards in Australia to the extent described in Note 1 and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements to the extent described in Note 1.
- c) the Charitable Fundraising Act 1991, including:
 - (i) showing a true and fair view of the financial result of fundraising appeals for the year to which they relate.

Also the accounts and associated records have been properly kept and money received as a result of fundraising appeals has been properly accounted for and applied in accordance with the Charitable Fundraising Act and Regulations 1991.



Keith Eric Wearne
Partner - ~~Wearne & Co~~
Chartered Accountant

Dated: 5 November 2007

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331**

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
INCOME		
Gain on Investments	115,710	89,285
Grants received	38,209,805	27,418,432
Internal Recharges	3,165,497	567,580
Profit on sale of non-current assets	224	0
Dividends received	1,097,063	1,150,821
Interest received	969,967	808,248
Foreign exchange gain	0	1,915,765
	<u>43,558,266</u>	<u>31,950,131</u>
LESS EXPENDITURE		
Accountancy fees	13,550	6,669
Advertising	13,448	6,136
Accommodation	115,241	82,767
Audit Fees	34,475	17,656
Bank charges	7,858	12,169
Brand Development & Media	25,733	7,582
Courier Fees	8,156	11,479
Consultancy fees	281,566	218,862
Conference and Seminars	310,681	39,842
Depreciation	220,691	274,719
Donations	23,489	500,000
Employees entitlement	499,629	316,703
Entertainment expenses	115,834	97,282
Expendable Equipment	30,613	32,927
Filing fees	145	890
Fringe benefits tax	21,043	30,000
Foreign Exchange Loss	2,324,782	0
Internet Costs	66,174	50,482
Insurance	228,865	246,262
Interest paid	0	283
Immigration Costs	16,232	13,303
Legal costs	152,383	24,421
Learning & Development	139,530	70,029
Profit/Loss on Sale of Office Equipment	0	42,225
Motor vehicle expenses	19,443	11,787

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
A COMPANY LIMITED BY GUARANTEE
ABN 90 085 953 331**

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
Payroll Charges	87,077	28,222
Printing and stationery	107,950	117,266
Partnerships & Collaborations	0	-65,000
Relocation Costs	14,501	10,373
Brokerage	44,620	21,836
Journals & Reference Books	6,299	5,268
Rent	738,585	186,222
Repairs and maintenance	100,449	72,760
Salary Packages	2,085	45,645
Software	36,841	48,381
Scholarship Phd	0	10,000
Staff training and welfare	7,320	15,799
Staff Recruitment	25,412	162,593
Subscriptions	91,157	52,985
Sundry expenses	49,254	45,529
Superannuation contributions	461,952	242,009
Temp Staff	88,572	140,024
Telephone	115,217	61,760
Project Costs	28,426,149	24,501,204
Travelling expenses	422,118	307,234
Wages	7,237,826	3,767,826
Website Development	22,139	7,899
Annual Report	59,526	14,090
	<u>42,814,610</u>	<u>31,914,400</u>
NET OPERATING PROFIT	743,656	35,731
Retained profits at the beginning of the financial year	<u>6,716,576</u>	<u>6,680,845</u>
TOTAL AVAILABLE FOR APPROPRIATION	<u>7,460,232</u>	<u>6,716,576</u>
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR	<u><u>7,460,232</u></u>	<u><u>6,716,576</u></u>