

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

**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 2008

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

Elsa Atkin
Joanna Capon
Peter Campbell Church
Andrew Justin Coats
Donald Gordon Green
Jason Yat-sen Li
Stephen William MacMahon
Robyn Ngaire Norton
John Yu

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 \$174,555.

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

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

The principal activity of the company during the financial year was to undertake:

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
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DIRECTORS' REPORT

Information on Directors

Elsa Atkin Director/ Consultant	Director 1 year
Joanna Capon Art Historian	Director 1.5 years
Peter Campbell Church Solicitor	Director 4 years
Andrew Justin Coats Professor - Deputy Vice-Chancellor, University of Sydney	Director 4 years
Donald Gordon Green Chartered Accountant	Director 4.8 years
Jason Yat-sen Li Lawyer	Director 1 year
Stephen William MacMahon Professor of Cardiovascular Medicine & Epidemiology	Director 9.5 years
Robyn Ngaire Norton Professor of Public Health	Director 9.5 years
John Yu Chairman & Doctor	Director 2 years

During the year and since the last Annual General Meeting there have been 4 ordinary board of directors meetings.

The attendance at these meetings were as follows:


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

Number of employees at year end:

2008	2007
164	153

Signed in accordance with a resolution of the board of directors:

Director 
Stephen William MacMahon

Director 
Donald Gordon Green

Dated: 27 October 2008

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**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 2008 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.



Peter Douglas Woodhead
Principal - Wearne & Co Pty Limited
Chartered Accountant

Dated: 27-10-08

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
Revenue	2	38,759,399	43,558,042
Other income	2	6,934	224
Employee benefits expense	3	(9,456,679)	(8,222,534)
Depreciation and amortisation expenses		(222,272)	(220,691)
Other expenses		<u>(28,912,826)</u>	<u>(34,371,384)</u>
Profit before income tax expense	4	174,555	743,656
Income tax expense		<u>-</u>	<u>-</u>
Profit attributable to member of the company		<u><u>174,555</u></u>	<u><u>743,656</u></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 2008

	Note	2008 \$	2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	9,020,060	15,902,283
Trade and other receivables	6	30,690,750	27,631,487
Other current assets	7	433,049	716,433
TOTAL CURRENT ASSETS		<u>40,143,859</u>	<u>44,250,203</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	34,919,430	20,398,877
Financial assets	8	1,799,195	1,260,870
Property, plant and equipment	9	1,042,063	867,421
Other financial assets	10	8,248,086	7,509,157
TOTAL NON-CURRENT ASSETS		<u>46,008,774</u>	<u>30,036,326</u>
TOTAL ASSETS		<u><u>86,152,633</u></u>	<u><u>74,286,529</u></u>
CURRENT LIABILITIES			
Trade and other payables	11	8,234,304	8,094,153
Short-term provisions	12	23,432,059	14,209,329
TOTAL CURRENT LIABILITIES		<u>31,666,363</u>	<u>22,303,482</u>
NON-CURRENT LIABILITIES			
Long-term provisions	13	46,851,482	44,522,815
TOTAL NON-CURRENT LIABILITIES		<u>46,851,482</u>	<u>44,522,815</u>
TOTAL LIABILITIES		<u><u>78,517,845</u></u>	<u><u>66,826,297</u></u>
NET ASSETS		<u><u>7,634,788</u></u>	<u><u>7,460,232</u></u>
EQUITY			
Retained profits		<u>7,634,788</u>	<u>7,460,232</u>
TOTAL EQUITY		<u><u>7,634,788</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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**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2008**

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2006	6,716,576	6,716,576
Profit attributable to members	<u>743,656</u>	<u>743,656</u>
Balance at 30 June 2007	<u>7,460,232</u>	<u>7,460,232</u>
Profit attributable to members	<u>174,555</u>	<u>174,555</u>
Balance at 30 June 2008	<u><u>7,634,788</u></u>	<u><u>7,634,788</u></u>

The accompanying notes form part of these financial statements.

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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from grants		33,223,310	38,209,805
Payment to suppliers and employees		(40,786,252)	(43,090,563)
Foreign exchange gains		(34,308)	(2,324,782)
Net cash used in operating activities	13	<u>(7,597,250)</u>	<u>(7,205,540)</u>
Cash flows from investing activities			
Payment for investments		(259,601)	
Payment for property, plant and equipment		(539,969)	(375,323)
Interest received		724,430	969,967
Dividends received		781,856	1,097,063
Proceeds from sale of non-current assets		8,311	-
Net cash provided by investing activities		<u>715,027</u>	<u>1,691,707</u>
Net decrease in cash held		(6,882,223)	(5,513,833)
Cash at beginning of year		<u>15,902,283</u>	<u>21,416,116</u>
Cash at end of year	13	<u><u>9,020,060</u></u>	<u><u>15,902,283</u></u>

The accompanying notes form part of these financial statements.

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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.

Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001 and the following applicable Accounting Standards and Australian Accounting Interpretations:

AASB 101: Presentation of Financial Statements
AASB 110: Events After the Balance Sheet Date
AASB 1031: Materiality

No other Australian Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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.

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.

(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 financial liabilities in current liabilities on the balance sheet.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(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 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 2008 the number of members was 6 (2007-6).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(i) Future Project Revenue

The George Institute for International Health receives funding based on its contributions to the University of Sydney 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 2007.

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 2007 which may be attributable to the six months of operation up to June 2008.

(j) 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.

(k) Long Term Projects

Long term projects that span more than one accounting period are valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific projects, and those costs that are attributable to the project activity in general and that can be allocated on a reasonable basis.

Long term project profits are recognised on the stage of completion basis and measured on the basis of percentage complete of the project. Where losses are anticipated they are provided for in full.

Long term projects have been recognised on the basis of the terms of the contract adjusted for any variations under contract.

Trade debtors represent the project receipts not as yet collected, and future project liabilities represent project costs not as yet invoiced, adjusted for profit recognised to date.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$	\$
2. REVENUE			
Rendering of services		37,253,113	41,491,012
Dividends received	2(a)	781,856	1,097,063
Interest received	2(b)	724,430	969,967
Total Revenue		<u>38,759,399</u>	<u>43,558,042</u>
Other Income			
Gain on disposal of property, plant and equipment		<u>6,934</u>	<u>224</u>
(a) Dividends received from:			
Other corporations		781,856	1,097,063
(b) Interest received from:			
Other corporations		<u>724,430</u>	<u>969,967</u>
3. EMPLOYEE BENEFITS EXPENSE			
Employees entitlement		369,435	499,629
Fringe benefits tax		(2,684)	21,043
Superannuation contributions		557,581	461,952
Wages and salaries		8,532,347	7,237,826
Salary packages		-	2,085
		<u>9,456,679</u>	<u>8,222,534</u>
4. PROFIT BEFORE INCOME TAX			
(a) Expenses:			
Provision for long service leave		81,959	49,586
Provision for annual leave		601,248	450,042
Provision for bonuses		<u>952,274</u>	<u>738,845</u>
(b) Revenue and net gains:			
Net gain on disposal of non-current assets:			
Property, plant and equipment		<u>6,934</u>	<u>224</u>
(c) Significant revenue and expenses:			
The following significant revenue and expense items are relevant in explaining the financial performance:			
Gain on Investments		<u>474,667</u>	<u>115,710</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
5. CASH AND CASH EQUIVALENTS			
Cash on hand		12,132	63,873
Cash at bank- Westpac		1,023,343	75,356
Cash at bank- Westpac USD		64,107	368,567
Cash at bank- Westpac - Various		7,920,477	15,394,487
		9,020,060	15,902,283
(a) The bank has security over the term deposit of \$3.131m, relating to the George St lease, and for some Forward Exchange Contract (USD).			
6. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade debtors (Less provision for doubtful debts- \$Nil)		29,877,388	27,302,590
*Intercompany Loan:			
Loan- The George Foundation for International Health Ltd		3,388	1,500
Loan - George Medica Pty Ltd		290,753	232,549
Other debtors		485,719	46,698
Deposit bonds		33,503	48,150
		30,690,750	27,631,487
NON-CURRENT			
Trade debtors- AUS		34,919,430	20,398,877
7. OTHER ASSETS			
CURRENT			
Prepayments		433,049	716,433

**THE GEORGE INSTITUTE FOR INTERNATIONAL HEALTH
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
8. FINANCIAL ASSETS			
Available-for-sale financial assets		1,799,195	1,260,870
Analysis of total financial assets:			
Non-current		1,799,195	1,260,870
Available-for-sale financial assets comprise:			
Shares in Subsidiary Company George Medica Pty Ltd- at cost		200	200
Shares in Associate Company Prognomix Inc - at cost		748,331	748,331
Investment - India		869,526	331,202
Investment - China		181,138	181,138
Total available-for-sale financial assets		<u>1,799,195</u>	<u>1,260,870</u>
9. PROPERTY, PLANT AND EQUIPMENT			
Motor vehicles- at cost		40,744	56,262
Less accumulated depreciation		<u>(36,209)</u>	<u>(38,121)</u>
		4,535	18,142
Office equipment- at cost		1,675,809	1,326,960
Less accumulated depreciation		<u>(1,165,270)</u>	<u>(970,117)</u>
		510,539	356,843
Furniture and fittings- at cost		856,921	714,802
Less accumulated depreciation		<u>(329,932)</u>	<u>(222,365)</u>
		526,989	492,436
Total property, plant and equipment		<u>1,042,063</u>	<u>867,421</u>
10. OTHER FINANCIAL ASSETS			
Bell Potter		6,474,577	6,094,461
Caledonia		1,773,509	1,414,696
Balance at end of year		<u>8,248,086</u>	<u>7,509,157</u>
11. TRADE AND OTHER PAYABLES			
CURRENT			
Trade creditors		203,208	32,815
Other creditors		7,825,083	8,061,339
Intercompany Loan:			
Loan - China		206,014	-
		<u>8,234,304</u>	<u>8,094,153</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
12. PROVISIONS			
Current future project liability		20,936,964	12,297,098
Provision for employee entitlements		2,495,096	1,912,230
Non-current future project liability		<u>46,851,482</u>	<u>44,522,815</u>
		<u>70,283,542</u>	<u>58,732,143</u>
 Analysis of Total Provisions			
Current		23,432,059	14,209,329
Non-current		<u>46,851,482</u>	<u>44,522,815</u>
		<u>70,283,542</u>	<u>58,732,143</u>
 13. 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 agreement - current		20,936,964	12,297,098
Amount payable under project agreement - non-current		<u>46,851,482</u>	<u>44,522,815</u>
 14. CASH FLOW INFORMATION			
(a) Reconciliation of Cash			
Cash at the end of financial year as shown in the Cash Flow Statement is reconciled to the related items in the statement of financial position as follows:			
Cash at bank and on hand		<u>9,020,060</u>	<u>15,902,283</u>
		<u>9,020,060</u>	<u>15,902,283</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	Note	2008	2007
		\$	\$
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax:			
Profit from ordinary activities after income tax		174,556	743,656
Non-cash flows in profit from ordinary activities:			
Provision for annual leave		257,740	450,042
Provision for long service leave		111,695	49,586
Depreciation		222,272	220,691
Provision for bonuses		952,275	738,845
Dividends received		(781,856)	(1,097,063)
(Profit)/Loss on sale of non-current assets		(1,561)	224
(Profit)/Loss on sale of investments		(474,668)	-
Interest received		(724,430)	(969,967)
Changes in Assets & Liabilities:			
(Increase)/Decrease in other debtors		(424,374)	(82,154)
(Increase)/Decrease in investments		(1,277,254)	(615,697)
(Increase)/Decrease in prepayments		283,384	124,273
Increase/(Decrease) in trade creditors & other		65,864	895,974
(Increase)/Decrease in receivables		(17,095,350)	5,672,653
Increase/(Decrease) in provisions for future project liabilities		10,968,533	(11,694,559)
Increase/(Decrease) in related party loans		145,924	(557,980)
Net cash provided by operating activities		(7,597,250)	(6,121,476)

**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

	2008
No fundraising activities have been carried out during the 2007/8 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%

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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 17 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 2008 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:

27 October 2008

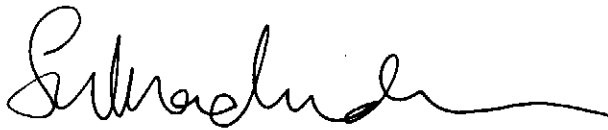
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DIRECTORS' DECLARATION

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:

27 October 2008

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

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

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of The George Institute For International Health (the company).

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies 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 members. The directors' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free of material misstatement.

Our 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 judgment, including the assessment of the risks or 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluation of the overall presentation of the financial report.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting 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 members, or for any purpose other than for which it was prepared.

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

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

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

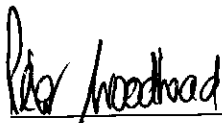
Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors would be in the same terms if provided to the directors as at the date of this auditor's report.

Audit Opinion

In our opinion the financial report of The George Institute For International Health is in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Auditing Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.



Peter Douglas Woodhead
Principal - Wearne & Co Pty Limited
Chartered Accountant

Dated: 27-10-08