Better Treatments. Better Care. Healthier Societies.

The George Institute for Global Health
and Controlled Entities

ANNUAL
FINANCIAL REPORT

For the year ended 30 June 2023

A Public Company Limited by Guarantee
ABN: 90 085 953 331

The George Institute
for Global Health

The George Institute for Global Health and Controlled Entities

ABN 90 085 953 331

Annual Report - 30 June 2023

General information

The financial statements cover The George Institute for Global Health as a consolidated entity consisting of The George Institute for Global Health and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is The George Institute for Global Health's functional and presentation currency.

The George Institute for Global Health is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 5, 1 King Street
Newtown NSW 2042

Principal place of business

Level 5, 1 King Street
Newtown NSW 2042

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 November 2023.

The George Institute for Global Health and Controlled Entities
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of The George Institute for Global Health (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

The consolidated entity comprises: a group of not-for-profit subsidiaries (Research Segment) and a group of for profit subsidiaries (Commercial Segment), with the lead subsidiary being George Institute Ventures Limited. It should be noted that a major commercial subsidiary, George Clinical is treated as "held for sale" in this financial year.

Directors

The following persons were directors of The George Institute for Global Health during the whole of the financial year and up to the date of this report, unless otherwise stated:

Alankar Anushka Patel (appointed 1 January 2023)
Catherine Michelle Brenner
David Hugh Armstrong (Chair)
Robyn Ngaire Norton AO (resigned 31 December 2022)
Rodney Ernest Phillips
Sarogini Meenachie Thuraisingham
Srinivas Akkaraju
Stephen William MacMahon AO (resigned 31 December 2022)
Timothy James Edward Longstaff
Vlado Perkovic
Yasmin Anita Allen

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

Company secretary

Olga Smejkalova held the position of Company Secretary since 16 November 2021 and has remained as such to the date of this report.

Principal activities

The Research Segment's purpose is to undertake clinical, epidemiological and health systems research, especially focused on reducing the burden of chronic diseases and injuries. The Commercial Segment's purpose is to generate commercial returns in order to supplement the funding requirements of the Research Segment. Whilst no significant changes in the nature of the activity occurred during the financial year, a process to sell George Clinical was initiated late in the financial year ended 30 June 2022.

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.

How principal activities contributed to objectives

- The strengthening of research in Australia on health care delivery systems;
- The strengthening of research activities in 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
- Within the Commercial Segment continued development of existing commercial ventures in order to generate further 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 loss of the consolidated entity after providing for income tax amounted to $44.3 million (30 June 2022: Loss of $15.1 million. The result before tax for the consolidated entity amounted to a loss of $48.5 million (30 June 2022: Loss of $10.8 million). An impairment charge of $0.1m was recognised during the year (30 June 2022 : no impairment charges).

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 from the Company. No dividends were paid from the "for profit" subsidiaries during the year.

Review of operations
Total external revenue of $60.6m decreased by 4% from the previous year (30 June 2022: $63.8. The net result for the consolidated entity was a loss before income tax of $48.5 million (30 June 2022: loss before income tax of $10.8million). No donations were made by the commercial segment to the research segment in 2023 (No donations were made in 2022). The acceleration of trial activity of the Antihypertensive combination (George Medicine) drove the additional expenses for the year.

Significant changes in the state of affairs
As per FY22, George Clinical was classified as held for sale during FY23.

Events since the end of financial year

In line with the organisation's strategic plan, the Board approved the initiation of the sale process of George Clinical late in FY22 (for a headline price of $480,000,000), with the being transaction finalised on 7 July 2023. As is common with many medical research institutes (MRIs), the costs of conducting research exceeds the grants received. MRIs rely on philanthropy and other revenue streams to compensate for this gap. To date, the Company has relied on donations from its commercial subsidiaries (including George Clinical) to partially address this shortfall.

With the proceeds of the transaction, an endowment will be established to generate returns that will address the operational deficit. The Company is appointing an investment committee, reporting to the board, to manage its funds to provide greater financial stability and security.

The funds were also be used to:
- Repay convertible loans with accumulated interest and estimated dividends to minority shareholders
- Payment of share based remuneration to the George Clinical board and management, George Health board and management and to the founders
- Pay transaction costs and account for working capital adjustments at the time of completion
- Invest in George Health and its other retained subsidiaries, most notably George Medicines
- Retain an equity interest in George Clinical post sale (5%)

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs 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.

Share based remuneration

Long term incentive (LTI) Plans were introduced in past years for a small number of employees, executives and non-executive directors in the commercial subsidiaries of the consolidated entity. Grants under LTI Plans were made in the form of share appreciation rights (SARs), employee share option plans (ESOP), or founders equity plans (FEP), or options. It should be noted that on the sale of George Clinical in FY24, a significant portion of these rights will be exercised.

Information on directors

David Hugh Armstrong - Chair / Non-Executive Director

Qualifications: BBus (UTS), FCA, MAICD
Non-Executive Director - National Australia Bank
Non-Executive Director – Insurance Australia Group
Chairman - Opera Australia Capital Fund Limited
President - Australian Museum (Until 31 December 2022)
Trustee of Lizard Island Reef Research Foundation (Until 31 December 2022)

Professor Anushka Patel (appointed 1 January 2023)

Qualifications: MBBS, SM, PhD, FRACP, FAHMS, GAICD
Director & CEO – The George Institute for Global Health
Director – George Institute Ventures Pty Ltd
Director – George Health Enterprises Pty Ltd
Director – The George Foundation for Global Health Limited
Director – George Institute for Global Health India
Director – George Partners Limited
Director – The George Institute for Global Health UK
Director – George Health Enterprises UK Limited
Scientia Professor – Faculty of Medicine, UNSW Sydney
Cardiologist (Hon) – Royal Prince Alfred Hospital
Director & Trustee – Pulmonary Vascular Research Institute (UK-based charity)

Catherine Michelle Brenner - Non-Executive Director

Qualifications: BEcLLB, MBA, FAICD
Non-Executive Director – Scentre Group Limited, Carindale Property Trust
Non-Executive Director - Schools Plus
Chair - Australian Payments Plus Limited
Panel Member - Adara Partners

Professor Robyn Ngaire Norton AO - Executive Director (resigned 31 December 2022)

Qualifications: PhD, MPH (Syd), MA, BA (Canterbury), FAHMS
Founding Director – The George Institute for Global Health (since 1 January 2023)
Principal Director – The George Institute for Global Health (resigned on 31 December 2022)
Director – The George Institute for Global Health (resigned on 31 December 2022)
Director – The George Foundation for Global Health Limited (AUS) (resigned on 31 December 2022)
Director – George Health Enterprises Pty Ltd (AUS) (resigned on 31 December 2022)
Director – George Institute Ventures (resigned on 31 December 2022)
Director – George Partners Limited (UK) (resigned on 31 March 2023)
Acting Executive Director – The George Institute for Global Health, UK (until November 2022)
Chair of Global Health, Imperial College London (UK)
Professor of Public Health, UNSW Sydney (AUS)

Professor Rodney Ernest Phillips - Non-Executive Director

Qualifications: MBBS (Melb), FRACP, MD (Melb), MA (Oxon), FRCP (London), F Acad MedSci (London)
Professor Emeritus - University of New South Wales, Sydney
Honorary Fellow - Pembroke College, Oxford
Non-Executive Director – The National Drug and Alcohol Research Centre Advisory Board

Dr Sarogini Meenachie Thuraisingham - Non-Executive Director

Qualifications: PhD, GAICD, MAPS
Founder & Principal - BoardQ
Founder & Principal - TalentInvest
Non-Executive Director - Shared Value Project
Member - International Women's Forum
Board Member - Linden Art Gallery, Victoria

Dr Srinivas Akkaraju - Non-Executive Director

Qualifications: MD, PhD
Board Chair – George Health Enterprises Pty Ltd
Managing General Partner – Samsara BioCapital
Director – Chinook Therapeutics
Director – Syros Pharmaceuticals
Director – Intercept Pharmaceuticals Inc.
Director - Mineralys Therapeutics
Director - Scholar Rock

Professor Stephen William MacMahon AO - Executive Director (resigned 31 December 2022)

Qualifications: DSc (USNW), PhD (UNSW), FAA, FMedSci, FAHMS, FACC, FAHA, FCSANZ
Founding Director, The George Institute for Global Health (Since January 2023)
Principal Director – The George Institute for Global Health (Resigned 31 December 2022)
Director – The George Foundation for Global Health Limited (AUS) (Resigned 31 December 2022)
Director – George Institute Ventures (AUS)
Director – George Health Enterprises Pty Ltd (AUS) (Resigned 31 December 2022)
Director – George Clinical Pty Ltd (AUS)
Director – George Medicines Pty Ltd (AUS)
Director – George Health Technologies Pty Ltd (AUS)
Director - SmartGenRx Pty Ltd (AUS)
Director – George Partners Limited (UK) (Resigned 31 March 2023)
Director – George Health Enterprises (UK) Limited (Resigned 31 March 2023)
Chair of Global Health, Imperial College London (UK)
Professor of Cardiovascular Medicine, UNSW Sydney (AUS)

Timothy James Edward Longstaff – Non-Executive Director

Qualifications: BEc, FCA, GAICD, SF Fin
Non-Executive Director - Aurizon Holdings Limited
Non-Executive Director - Snowy Hydro Limited
Non-Executive Director - Ingham's Limited
Non-Executive Director Perenti Limited
Member - The Takeovers Panel

Professor Vlado Perkovic – Non-Executive Director

Qualifications: MBBS, PhD, FRACP, FAAHMS, FASN
Dean of Medicine and Health, University of New South Wales, Sydney
Non-Executive Director – Garvan Institute
Non-Executive Director – Victor Chang Cardiac Research Institute
Non-Executive Director – Mindgardens Neuroscience Network
Non-Executive Director – Ingham Institute for Applied Medical Research
Non-Executive Director – St Vincents Health Australia

<u>Yasmin Anita Allen - Non-Executive Director AM (Until 25 August 2023)</u>

Qualifications: BCom, FAICD
Non-Executive Director – ASX Limited
Non-Executive Director - Cochlear Limited
Non-Executive Director – Santos Limited
Non-Executive Director - QBE Limited
Board Member - George Health Enterprises Pty Ltd
Acting President - Federal Government Takeovers Panel
Chair - Tic:Toc Online
Chair - Future Skills Org (Federal Government)
Chair - Harrison Riedel Foundation

* Each non-executive director is an unpaid volunteer, however some of George Health Enterprises Pty Ltd directors are remunerated.

Insurance of officers

During the year, the Company paid a premium of $220,412 for a Management Liability Policy (30 June 2022: $216,062). 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 2023 the number of members was 9 (30 June 2022: 10 members).

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.

Going concern

During the year the consolidated entity has incurred a total loss of $42.9m (30 June 2022: Loss of $15.1m) and had net current liabilities of $11.2m (30 June 2022: net current assets of $29.1m). The net operating inflow from operations decreased substantially during the year by $52.6m to an outflow of $51.4m. The losses and cash outflows are attributed to the investment in George Medicine's product development.

The Board and Management carefully manages cash flow, with significant scrutiny given to the ongoing investment requirements for George Medicine. The successful sale of George Clinical in July 2023 has provided directors with certainty regarding going concern.

The Board and Management have prepared the financial statements on a going concern basis. At this time, the Board and Management are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2023. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Meetings of directors

During the financial year, 14 meetings of directors (including committee meetings) were held (30 June 2022: 18 meetings). Attendances by each director are listed below.

	Board Meeting		Research Committee*		People Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Alankar Anushka Patel	2	2	4	4	1	1
Catherine Brenner	5	4	4	4	1	1
David Armstrong	5	4	4	3	3	2
Robyn Norton	3	3	2	2	2	2
Rodney Phillips	5	4	4	3	-	-
Meena Thuraisingham	5	5	4	4	3	3
Srinivas Akkaraju	5	5	4	4	-	-
Stephen MacMahon	3	3	2	2	2	2
Timothy Longstaff	5	5	4	4	-	-
Vlado Perkovic	5	5	4	3	-	-
Yasmin Allen	5	5	4	3	-	-

	Audit Committee		Risk Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Alankar Anushka Patel	2	2	2	2
Catherine Brenner	5	5	4	3
David Armstrong	5	4	4	2
Robyn Norton	3	3	-	-
Timothy Longstaff	5	5	4	4
Rodney Phillips	-	-	4	4
Stephen MacMahon	-	-	2	2

*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. The Research Committee will no longer be required in future years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Hugh Armstrong (Chair)
Director

Anushka Patel
Director

17 November 2023
Sydney

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

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY LEAH RUSSELL 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 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* 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 Heath and the entities it controlled during the period.

Leah Russell
Director

L Russell

BDO Audit Pty Ltd

Sydney

17 November 2023

The George Institute for Global Health and Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Revenue and other income			
Revenue	3	56,224,809	58,499,293
Other income	4	4,375,052	5,299,134
		60,599,861	63,798,427
Expenses			
Finance expense	5	(6,414,162)	(4,565,007)
Depreciation and amortisation expense	6	(2,699,105)	(2,355,872)
Employee benefits expense	7	(50,784,757)	(44,795,478)
Administration expense		(3,377,111)	(2,521,969)
Study sub-contractor fee		(1,122,875)	(375,517)
Patient recruitment expense		(1,353,293)	(2,402,923)
Consultants and outsourced research services fees		(19,777,969)	(7,349,333)
Travel/Accommodation costs		(3,254,163)	(1,312,921)
Rental expense		(476,885)	(569,218)
Share of loss of investment in Ellen Medical Devices Pty Ltd	39	(309,687)	(274,148)
Other expenses		(18,168,401)	(11,777,080)
Fair value gain on derivatives		5,261,520	3,730,347
Loss on acquisition of EMD assets and liabilities	39	(6,477,261)	-
Impairment of investment in EMD	39	(142,855)	-
Loss before income tax (expense)/benefit from continuing operations		(48,497,143)	(10,770,692)
Income tax (expense)/benefit	8	17,860,853	(509,384)
Loss after income tax (expense)/benefit from continuing operations		(30,636,290)	(11,280,076)
Loss after income tax expense from discontinued operations	29	(12,267,804)	(3,802,158)
Loss after income tax (expense)/benefit for the year		(42,904,094)	(15,082,234)
Other comprehensive surplus			
Items that will not be reclassified subsequently to surplus or deficit:			
Exchange differences on translation of foreign operations		309,452	1,293,342
Changes in the fair value of available-for sale financial assets		408,413	(1,187,899)
Cash flow hedges		(29,819)	(10,533)
Other comprehensive surplus for the year, net of tax		688,046	94,910
Total comprehensive loss for the year		(42,216,048)	(14,987,324)
Loss for the year is attributable to:			
Non-controlling interest		(4,220,705)	(3,488,733)
Members of The George Institute for Global Health		(38,683,389)	(11,593,501)
		(42,904,094)	(15,082,234)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The George Institute for Global Health and Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Total comprehensive loss for the year is attributable to:			
Continuing operations		(4,220,705)	(3,488,733)
Discontinued operations		97,316	154,398
Non-controlling interests		(4,123,389)	(3,334,335)
Continuing operations		(25,399,013)	(8,766,583)
Discontinued operations		(12,693,646)	(2,886,406)
Members of The George Institute for Global Health		(38,092,659)	(11,652,989)
		(42,216,048)	(14,987,324)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The George Institute for Global Health and Controlled Entities
Consolidated statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Assets			
Current assets			
Cash and cash equivalents	9	28,334,774	59,828,989
Trade and other receivables	10	5,161,394	5,427,094
Other assets	11	1,731,149	490,080
Accrued income	3	3,683,607	138,326
Prepayments	12	754,318	810,478
Assets classified as held for sale	29	71,856,466	62,582,559
Total current assets		111,521,708	129,277,526
Non-current assets			
Other assets	13	-	840,000
Other financial assets	14	9,489,283	8,677,258
Furniture, fixtures and equipment	15	2,540,932	3,161,401
Right-of-use assets	16	1,858,325	6,965,941
Intangible assets	17	141,509	141,509
Deferred tax asset	18	19,182,723	11,525,017
Investment accounted for using equity method	19	-	593,296
Total non-current assets		33,212,772	31,904,422
Total assets		144,734,480	161,181,948
Liabilities			
Current liabilities			
Trade and other payables	20	6,622,040	5,496,223
Lease liabilities	21	2,193,060	1,642,041
Deferred income	3	38,438,137	42,705,087
Provisions	22	6,647,822	6,265,097
Liabilities directly associated with assets classified as held for sale	29	65,378,593	43,796,938
Other liabilities	23	3,489,443	301,949
Total current liabilities		122,769,095	100,207,335
Non-current liabilities			
Lease liabilities	24	62,292	6,292,983
Provisions	25	775,544	618,092
Other liabilities	26	53,419,031	44,879,480
Total non-current liabilities		54,256,867	51,790,555
Total liabilities		177,025,962	151,997,890
Net assets/(liabilities)		(32,291,482)	9,184,058
Equity			
Reserves	27	36,943,054	35,966,934
Accumulated deficits		(63,272,092)	(24,588,703)
Equity/(deficiency) attributable to the members of The George Institute for Global Health		(26,329,038)	11,378,231
Non-controlling interest		(5,962,444)	(2,194,173)
Total equity/(deficiency)		(32,291,482)	9,184,058

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

The George Institute for Global Health and Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2023

Consolidated	**Reserves $**	**Accumulated losses $**	**Non-controlling interest $**	**Total equity $**
Balance at 1 July 2021	33,505,404	(11,636,042)	(118,048)	21,751,314
Prior year adjustment	-	(1,359,160)	-	(1,359,160)
Balance at 1 July 2021 - restated	33,505,404	(12,995,202)	(118,048)	20,392,154
Loss after income tax expense for the year	-	(11,593,501)	(3,488,733)	(15,082,234)
Other comprehensive surplus for the year, net of tax	94,910	-	-	94,910
Total comprehensive surplus/(loss) for the year	94,910	(11,593,501)	(3,488,733)	(14,987,324)
Transactions with members in their capacity as members:				
Share-based payments expenses	2,174,593	-	-	2,174,593
Non-controlling interests on divestment of ownership	-	-	1,412,608	1,412,608
Other reserves	192,027	-	-	192,027
Balance at 30 June 2022	35,966,934	(24,588,703)	(2,194,173)	9,184,058

Consolidated	**Reserves $**	**Retained profits $**	**Non-controlling interest $**	**Total deficiency in equity $**
Balance at 1 July 2022	35,966,934	(24,588,703)	(2,194,173)	9,184,058
Loss after income tax benefit for the year	-	(38,683,389)	(4,220,705)	(42,904,094)
Other comprehensive surplus for the year, net of tax	688,046	-	-	688,046
Total comprehensive surplus/(loss) for the year	688,046	(38,683,389)	(4,220,705)	(42,216,048)
Transactions with members in their capacity as members:				
Share-based payments expenses	288,074	-	-	288,074
Non-controlling interest on acquisition of subsidiary assets and liabilities	-	-	452,434	452,434
Divestment in subsidiaries	-	-	-	-
Other reserves	-	-	-	-
Balance at 30 June 2023	36,943,054	(63,272,092)	(5,962,444)	(32,291,482)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

The George Institute for Global Health and Controlled Entities
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts of grants and contract revenue (inclusive of GST)		180,378,541	139,016,510
Payments to suppliers and employees (inclusive of GST)		(228,833,408)	(137,038,112)
		(48,454,867)	1,978,398
Dividends received		468,799	399,300
Interest received		404,145	154,341
Income taxes paid		(3,827,722)	(1,343,870)
Net cash inflow/(outflow) from operating activities		(51,409,645)	1,188,169
Cash flows from investing activities			
Payments for property, plant and equipment	15	(804,591)	(956,950)
Payments for intangibles	17	-	(95,206)
Payments for investments		(432,842)	(784,291)
Payments for the assets and liabilities of EMD, net of cash acquired		(384,538)	-
Net cash outflow from investing activities		(1,621,971)	(1,836,447)
Cash flows from financing activities			
Receipts from other loans		-	148,766
Repayment of bank borrowings		(2,483,702)	(1,641,063)
Receipts from hedging instruments		-	12,093
Proceeds from STET		6,500,000	3,500,000
Proceeds from issue of convertible notes in subsidiaries		-	3,600,001
Lease payments		(3,573,270)	(3,199,068)
Receipts from bank borrowings		16,500,000	-
Repayments of hedging instruments		(8,443)	-
Net cash inflow from financing activities		16,934,585	2,420,729
Net increase/(decrease) in cash and cash equivalents		(36,097,031)	1,772,451
Cash and cash equivalents at the beginning of the financial year		59,828,989	66,907,840
Cash on deconsolidation		-	(388,307)
Cash and cash equivalents at the end of financial year related to George Clinical Pty Limited (discontinued operations)		4,602,816	(8,462,995)
Cash and cash equivalents at the end of the financial year	9	28,334,774	59,828,989

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the 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 17 November 2023.

The Company is a company limited by guarantee, incorporated and domiciled in Australia. The nature of the operations and principal activities of the Company and consolidated entities are described in the Directors' Report, which is not part of the financial statements.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The consolidated entity has not yet assessed the impact of these new or amended accounting standards and interpretations.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures, including the Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profit Commission Act 2012 as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The directors evaluate estimates and judgements 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.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the relevant notes.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The George Institute for Global Health ("Company" or "parent entity") as at 30 June 2023 and the results of all subsidiaries for the year then ended. The George Institute for Global Health and its subsidiaries together are referred to in these financial statements as the "consolidated entity".

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Jointly controlled entities

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.

Note 1. Significant accounting policies (continued)

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.

Business combinations
The acquisition method of accounting is used to account for business combinations by the consolidated entity. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any pre-existing equity interest in the subsidiary.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill.

Business divestments
Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity reduces its investment in a subsidiary but still retains control, the excess consideration over the net assets is recognised in the divestment reserve, with the balance allocated to non-controlling interest.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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 34.

Foreign currency translation
The financial statements are presented in Australian dollars, which is The George Institute for Global Health's functional and presentation currency.

Foreign currency transactions
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 except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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 average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Note 1. Significant accounting policies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income tax

The 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.

A tax consolidated group was established in prior years for the 100% owned Australian subsidiaries. The George Institute for Global Health Limited is the parent entity of a tax consolidated group. Within the tax group if one entity had a tax profit and another incurred a tax loss, the tax loss was shared without re-imbursement. An agreement has now been entered where tax losses are re-imbursed when utilised.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Long Term Incentive Plan

Long Term Incentive (LTI) Plans are in place for a small number of employees, executives and non-executive directors in the commercial subsidiaries of the consolidated entity as is common practice for executives in commercial organisations. This is part of the overall remuneration strategy of the commercial subsidiaries to attract, motivate and retain talent at its senior leadership level. The LTI Plan is designed to align the interests of participating employees to the achievement of core strategic goals of the commercial subsidiaries of the consolidated entity and to reward Participants for positive and sustained growth in business value.

Grants under the LTI Plans are approved by the Board, and are made in the form of share appreciation rights (SARs), Employee Share Option Plans (ESOP) or Founders Equity Plans (FEP). Each SAR, ESOP or FEP provides a Participant with a potential entitlement to an LTI outcome in the form of shares or, if the Board determines, in cash payment(s) of equivalent value, plus a potential entitlement to notional "dividends".

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

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.

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

Going concern

During the year the consolidated entity has incurred a total loss of $42.9m (30 June 2022: Loss of $15.1m) and had net current liabilities of $11.2m (30 June 2022: net current assets of $29.1m). The net operating inflow from operations decreased substantially during the year by $52.6m to an outflow of $51.4m. The losses and cash outflows are attributed to the investment in George Medicine's product development.

The Board and Management carefully manages cash flow, with significant scrutiny given to the ongoing investment requirements for George Medicine. The successful sale of George Clinical in July 2023 has provided directors with certainty regarding going concern.

The Board and Management have prepared the financial statements on a going concern basis. At this time, the Board and Management are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2023. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 2. Segment reporting

The consolidated entity has two operating segments: Not-for-Profit (Research) and For-profit (Commercial) segments. In identifying its operating segments, management followed the Consolidated Entity's organisational structure which represents the main distinguished services provided and its internal financial reporting system which provide the best evidence of the predominant source of risks and returns of the segments for the purpose of segment reporting.

The activities undertaken by the research segment includes clinical, epidemiological and health systems research, especially focused on reducing the burden of chronic diseases and injuries. The commercial segment's purpose is to generate commercial returns in order to supplement the funding requirements of the consolidated entity.

The measurement policies the consolidated entity uses for segment reporting under AASB 8 are the same as those used in its financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss. However, note that 2023 and 2022 data for the Commercial Segment excludes George Clinical due to its status as Held for Sale.

Note 2. Segment reporting (continued)

Major segments ('000)	TGI Group Research Segment 2023	TGI Group Research Segment 2022	GIV Group Commercial Segment 2023	GIV Group Commercial Segment 2022	Eliminations 2023	Eliminations 2022	Consolidated Entity 2023	Consolidated Entity 2022
Segment revenue								
Revenue	54,305	58,404	1,920	95	-	-	56,225	58,499
Other income	4,375	2,650	-	2,649	-	-	4,375	5,299
Intersegment revenue	413	328	-	(1,343)	(413)	1,015	-	-
	59,093	61,382	1,920	1,401	(413)	1,015	60,600	63,798
Segment expenses								
Employee benefits	(46,574)	(39,209)	(3,886)	(3,411)	-	-	(50,460)	(42,620)
Long term incentives	-	-	(325)	(2,175)	-	-	(325)	(2,175)
Depreciation and amortisation	(2,658)	(2,351)	(41)	(5)	-	-	(2,699)	(2,356)
Rental	(371)	(486)	(106)	(83)	-	-	(477)	(569)
Administration	(2,771)	(2,215)	(606)	(307)	-	-	(3,377)	(2,522)
Study sub-contractor fee	(1,123)	(376)	-	-	-	-	(1,123)	(376)
Patient recruitment	(1,353)	(2,403)	-	-	-	-	(1,353)	(2,403)
Consultants fee	(3,606)	(2,837)	(16,172)	(4,512)	-	-	(19,778)	(7,349)
Finance costs	(118)	(431)	(6,296)	(4,134)	-	-	(6,414)	(4,565)
Travel/accommodation	(2,754)	(1,062)	(500)	(251)	-	-	(3,254)	(1,313)
Other	(7,589)	(6,363)	(22,337)	(5,414)	-	-	(29,926)	(11,777)
Loss on acquisition of EMD	-	-	(6,620)	-	-	-	(6,620)	-
Fair value gain on derivatives	-	-	5,261	-	-	-	5,261	-
Share of loss of jointly controlled entity	-	-	(309)	(274)	-	-	(310)	(274)
Held for sale profits in the year	-	-	9,431	651	-	-	9,431	651
Intersegment expenses	-	(65)	(413)	(231)	413	296	-	-
Fair value gain on derivatives	-	-	-	3,730	-	-	-	3,730
	(68,917)	(57,798)	(42,958)	(16,416)	-	296	(111,423)	(73,918)
Income tax	(4)	-	7,922	(4,963)	-	-	7,919	(4,692)
Surplus/(loss) after income tax before reclassification	(9,828)	3,584	(33,077)	(19,978)	-	1,311	(42,904)	(15,082)

Note 2. Segment reporting (continued)

	TGI Group		GIV Group					
Major Segments ('000)	Research Segment 2023	Research Segment 2022	Commercial Segment 2023	Commercial Segment 2022	Eliminations 2023	Eliminations 2022	Consolidated Entity 2023	Consolidated Entity 2022
Segment assets (excluding intercompany debts)	47,316	72,932	82,428	88,250	-	-	129,745	161,182
Intercompany investment and debt	770	435	-	23,084	(28,853)	(23,519)	-	-
% on total group assets (excluding intercompany debts)	25	45	-	55				
Segment Liabilities (excluding intercompany debts)	50,265	61,940	106,945	88,699	-	-	157,210	150,639
Intercompany investment and debt	28,083	23,084	-	453	(33,679)	(23,537)	-	-

Note 3. Revenue

Disaggregation of revenue from contracts with customers

The consolidated entity derives revenue from the receipt of grants, and from the transfer of goods and services over time, in the following major revenue streams.

	Consolidated	
	2023 $	**2022 $**
Operating revenue		
Commercial revenue recognised over time	9,270,424	14,289,950
Grant income – peer reviewed	30,828,635	18,235,972
Grant income – recognised immediately	16,125,750	25,973,371
Total Operating Revenue	56,224,809	58,499,293

Accounting policy for revenue

Commercial arrangements
The consolidated entity's commercial arrangements include the provision of clinical research services to customers.

These arrangements are primarily service contracts that range in duration from a few months to several years, and are contracted directly with investigators for investigator services and other reimbursable activities. These services are combined with other study services in the management of a clinical study and as such the consolidated entity has assessed that it is acting as principal for the overall clinical trial obligation.

Note 3. Revenue (continued)

Clinical research services are accounted for as a contract with a customer when the consolidated entity and its customers approve the contract, are committed to perform their respective obligations, each party can identify its rights regarding the goods or services to be transferred, commercial substance is present, and it is probable that the consolidated entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Most contracts may be terminated upon 30 days' notice by the customer. However, in the event of termination, contracts require payment for services rendered through the date of termination, as well as for wind-down services rendered to close out the contract.

The consolidated entity has concluded that revenue from clinical research services represents a single performance obligation which is satisfied over time on the basis that it does not create an asset with an alternative use to the consolidated entity and the consolidated entity has an enforceable right to payment for performance completed to date.

Progress towards satisfaction of the service is measured using an input method of cost to cost. The estimate of total revenue and costs to completion requires significant judgment based on various assumptions to project future outcomes of events. These estimates are reviewed periodically and any adjustments are recognised on a cumulative catch up basis in the period they become known.

In certain instances a customer contract may include forms of variable consideration, such as milestone payments, which is assessed on a contract-by-contract basis. Variable consideration is recognised as revenue if and when it is deemed probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved in the future.

The consolidated entity may receive payments from its customers in advance of performance, which are recognised as contract liabilities. Contract assets include unbilled amounts typically resulting from revenue recognised in excess of the amounts billed to the customer for which the right to payment is subject to factors other than the passage of time.

Research grants and other funding arrangements
The consolidated entity's activities are supported by funding from research and other public funding grants.

All grants are recognised as a receivable when the consolidated entity's contractual right to receive the grant is established. The corresponding entry depends on the nature of the grant and the rights and obligations established in the funding agreement as follows:

- Peer-reviewed funding grants: these grants represent funds that are available to be spent at the discretion of the researcher. The amount in income represents the amount that has been applied to research activities in accordance with the grant terms. The unspent amount of the grant is recorded as a financial liability.
- Other grants: all other grants are recognised as income immediately.

Financing components
The consolidated entity does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the consolidated entity does not adjust any of the transaction prices for the time value of money.

Assets and liabilities related to contracts with customers

The consolidated entity has recognised the following assets and liabilities related to contracts with customers.

	Consolidated	
	2023	**2022**
Current contract assets – clinical trials	3,683,607	138,326
Loss allowance	-	-
Total contract assets	3,683,607	138,326
Current contract liabilities – clinical trials	38,438,137	42,705,087

Note 3. Revenue (continued)

Accounting policy for contract assets and liabilities
Contract assets and contract liabilities arise from the consolidated entities, which enter into contracts that can take a few years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognized on the contracts.

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

The consolidated entity also recognised a loss allowance for contract assets following the adoption of AASB 9.

Contract assets have decreased in the financial year ended as the assets held by George Clinical are now classified as held for sale.

Judgements and estimates
The consolidated entity has based the revenue recognised for commercial contracts and peer reviewed grants on the input of labour hours, and directly related costs. There is judgement involved in assessing the hours left to complete a project. Judgement is also required for assessing the expected credit loss on contract assets. Past history and known events are used in making the assessment.

Note 4. Other income

	Consolidated	
	2023	**2022**
	$	**$**
Dividends received (including dividends reinvested)	468,799	399,301
Interest received	699,442	136,047
Gain on Ellen Medical Devices (note 39)	83,886	(356,629)
Gain on deconsolidation	-	3,005,662
Consulting & training income	2,204,367	1,371,824
Access rights income	300,000	300,000
Other	618,558	442,929
	4,375,052	5,299,134

Note 5. Finance expense

	Consolidated	
	2023	**2022**
	$	**$**
Lease liability interest (AASB 16)	117,838	431,092
Interest on preferred shares	2,564,890	1,371,485
Interest on convertible loans	3,731,434	2,762,430
	6,414,162	4,565,007

Note 6. Depreciation and amortisation expense

	Consolidated	
	2023	**2022**
	$	**$**
Furniture, fixture and equipment	655,516	707,355
Fit-out	300,000	300,000
Right-of-use asset	1,743,589	1,348,517
	2,699,105	2,355,872

Note 7. Employee benefits expense

The below expenses are included in employee benefits expense in the statement of profit or loss.

	Consolidated	
	2023	**2022**
	$	**$**
Defined contribution superannuation expense	3,056,022	2,462,355
Share payment expenses related to commercial entities	324,891	2,174,593

Note 8. Income tax expense/(benefit)

	Consolidated	
	2023	**2022**
	$	**$**
Income tax expense/(benefit)		
Current tax	(1,066,485)	3,969,982
Deferred tax - origination and reversal of temporary differences	(7,294,271)	(37,762)
Adjustment recognised for prior periods	441,940	1,030,536
Aggregate income tax expense/(benefit)	(7,918,816)	4,962,756
Income tax attributable to:		
Profit/(loss) from continuing operations	(17,860,853)	509,384
Profit from discontinued operations	9,942,037	4,453,372
	(7,918,816)	4,962,756
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 19)	(7,958,053)	76,107
Increase/(decrease) in deferred tax assets held for sale (note 30)	663,782	(113,869)
Aggregate decrease/(increase in deferred tax assets	(7,294,271)	(37,762)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit from continuing operations	(48,497,143)	(10,770,692)
Surplus/(loss) before income tax expense from discontinued operations	(2,353,767)	651,214
	(50,850,910)	(10,119,478)

Note 8. Income tax expense/(benefit) (continued)

Tax at the statutory tax rate of 30%	(15,246,873)	(3,035,843)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustment for not-for-profit status of parent entity	2,586,011	(476,093)
Over/under provisions of current tax liability in prior year	441,940	1,624,913
Over/under provisions of deferred tax in prior year	(1,142,248)	(133,790)
Over/under accruals in current year	-	212,096
Share of loss in equity - accounted investments	92,906	79,260
CFC attributed income	1,453,850	3,413,544
Long Term Incentive Plan	139,654	460,473
Estimated denial of debt deductions	414,347	707,305
Other non-deductible expenses	289,882	489,276
Non-deductible interest expense	1,065,680	411,446
Loss on acquisition of EMD	1,986,035	-
Tax losses not recognised	-	1,210,169
Income tax expense/(benefit)	(7,918,816)	4,962,756

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2023	2022
	$	$
Cash at bank	28,334,774	57,228,989
Cash in transit	-	2,600,000
	28,334,774	59,828,989

Accounting policy for 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.

Note 10. Current assets - trade and other receivables

	Consolidated	
	2023	2022
	$	$
Trade receivables	5,163,436	5,427,979
Other receivables	(2,042)	(885)
	5,161,394	5,427,094

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Current assets - trade and other receivables (continued)

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent invoicing experience and historical collection rates.

The consolidated entity does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

Judgements and estimates
Assessing expected credit losses involves judgement and estimates. Past history and known events are used when determining the calculation.

Note 11. Current assets - other assets

	Consolidated	
	2023 $	2022 $
Deposits and bonds	886,931	418,200
Other assets	844,218	71,880
	1,731,149	490,080

Accounting policy for other assets
Other assets are recognised at amortised cost, less any allowance for expected credit losses. These amounts generally arise from transactions outside the usual operating activities, interest may be charged.

Note 12. Current assets - prepayments

	Consolidated	
	2023 $	2022 $
Prepayments	754,318	810,478

Accounting policy for prepayments
Prepayments are recognised at amortised cost. They relate to payments made for future goods or services.

Note 13. Non-current assets - other assets

	Consolidated	
	2023 $	2022 $
Security deposit	-	840,000

Note 14. Non-current assets - other financial assets

	Consolidated	
	2023 $	2022 $
Financial assets at fair value through other comprehensive income (prior year available-for-sale financial assets in listed corporations)	9,489,283	8,677,258

Note 14. Non-current assets - other financial assets (continued)

The following unrealised and realised gains/losses were recognised in other comprehensive income in the year.

	Consolidated	
	2023 $	2022 $
Unrealised revaluation gains/(losses)	408,412	(1,187,899)
Realised gain/(loss) on disposal of investments	-	-
	408,412	(1,187,899)

Accounting policy for investments
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at fair value, using the closing bid price on the relevant stock exchange.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

On disposal, any related balance within the FVOCI (fair value through other comprehensive income) reserve is reclassified to retained earnings.

Note 15. Non-current assets - furniture, fixtures and equipment

	Consolidated	
	2023 $	2022 $
Furniture, fixtures and equipment - at cost	10,784,014	11,360,964
Less: Accumulated depreciation	(8,243,082)	(8,199,563)
	2,540,932	3,161,401

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Consolidated	
	2023 $	2022 $
Carrying amount at the beginning of the year	3,161,401	4,664,688
Additions at cost	337,886	392,925
Disposal	-	(7,112)
Exchange differences	(3,121)	33,218
Depreciation expense	(955,234)	(1,007,355)
Held for sale presentation for George Clinical Pty Limited	-	(859,406)
Deconsolidation of Ellen Medical Devices Pty Limited	-	(55,557)
	2,540,932	3,161,401

Note 15. Non-current assets - furniture, fixtures and equipment (continued)

Accounting policy for property, plant and equipment
Each class of furniture, fittings and equipment (FF&E) is carried at cost, less, where applicable, accumulated depreciation and impairment losses.

Depreciation
Items of the FF&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:

Class of fixed asset	**Depreciation rate**
Furniture, fittings and equipment	10% - 33.33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. 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.

Note 16. Non-current assets - right-of-use assets

	Consolidated	
	2023	**2022**
	$	**$**
Property	1,858,325	6,965,941

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Consolidated	
	2023	**2022**
	$	**$**
Opening balance	6,965,941	12,008,539
New leases	1,869,029	384,796
Amortisation - The George Institute of Global Health	(1,743,589)	(1,348,517)
Amortisation - George Clinical held for sale	-	(1,517,122)
Foreign exchange adjustments	-	(19,703)
Transfer to held for sale	-	(2,542,052)
Lease term modifications	(5,233,056)	-
Closing balance	1,858,325	6,965,941

Accounting policy for leases

(i) The consolidated entity's leasing activities and how these are accounted for
The Consolidated Entity leases properties. Rental contracts are typically made for fixed periods of 3 to 5 years, but may have extension options as described in (ii) below, for a period of 2 to 5 years.

Note 16. Non-current assets - right-of-use assets (continued)

Contracts may contain lease components. The consolidated entity allocates the consideration in the contract to the lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the consolidated entity under residual value guarantees
- the exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the consolidated entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The consolidated entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

(ii) Judgements and estimates

<u>Lease term</u>
The determination of the lease term requires management judgement regarding whether extension options are reasonably certain to be exercised. Whilst each lease is assessed individually, in general, for property leases the next option is considered reasonably certain, however subsequent options are not reasonably certain as management believe these are too far into the future to be reasonably certain.

<u>Incremental borrowing rate</u>
The consolidated entity are not able to determine the interest rate implicit in the lease for a large number of lease. Therefore, management have determined the incremental borrowing rate taking into consideration entity and asset specific factors relevant to each lease.

<u>Extension and termination options</u>
Extension and termination options are included in a number of property leases across the consolidated entity. The majority of extension and termination options held are exercisable only by the consolidated entity and not by the respective lessor.

Note 16. Non-current assets - right-of-use assets (continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the consolidated entity becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Note 17. Non-current assets - intangible assets

	Consolidated	
	2023 $	2022 $
Trademark - at cost	141,509	141,509

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Consolidated	
	2023 $	2022 $
Carrying amount at the beginning of the year	141,509	226,612
Amortisation expense	-	(85,103)
	-	-
Carrying amount at the end of the year	141,509	141,509

Accounting policy for intangible assets
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.

Judgements and estimates – Intellectual property and goodwill
At year end management has completed an impairment assessment of the intangible assets at the smallest cash generating unit. The impairment assessments have been performed using a value in use models, based on the below significant assumptions:

<u>Dialysis</u>
(a) Percentage of patients expected to use the product in
(b) Royalty rates
(c) Term of 20 years with no terminal value used
(d) Discount rates of 28% - post tax
(e) Tax rate of 30%
(f) Additional development costs to be incurred before release to the market

<u>USA business</u>
(a) Expected revenue for 4 years
(b) Terminal value based on 6 times multiple
(c) Discount rate of 9.38%

Note 18. Non-current assets - deferred tax asset

	Consolidated 2023 $	Consolidated 2022 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provisions	125,940	78,829
Accrued expenditure	156,322	62,188
Foreign exchange	17,889	19,733
Donations	1,800,000	1,800,000
Other items	125,021	139,353
Gain on preference share value	(2,965,062)	(1,084,650)
Tax losses carried forward	19,922,613	10,509,564
Deferred tax asset	19,182,723	11,525,017
Movements:		
Opening balance	11,525,017	13,845,887
Credited/(charged) to profit or loss (note 8)	7,958,053	(76,107)
Transferred out due to George Clinical Pty Limited held for sale presentation	-	(2,244,763)
Overprovision prior year	(366,075)	-
Acquisition of EMD	65,728	-
Closing balance	19,182,723	11,525,017

Accounting policy for deferred tax asset (liability)
Deferred tax assets are recognised to the extent that it is probable that the consolidated entity will be able to utilise it against future taxable income, based on the consolidated entity's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

All deferred tax assets (including tax losses and other tax credits) have been recognised in the consolidated statement of financial position.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

	Tax losses	Other	Total
At 1 July 2021	9,950,034	3,895,853	13,845,887
To profit or loss	559,530	(635,638)	(76,108)
To other comprehensive income	-	-	-
Transferred out due to George Clinical Pty Limited for held for sale presentation	-	(2,244,762)	(2,244,762)
At 30 June 2022	10,509,564	1,015,453	11,525,017
At 1 July 2022	10,509,564	1,015,453	11,525,017
Credited (charged):			
To profit or loss	9,633,691	(1,675,638)	7,958,053
To other comprehensive income	-	-	-
Over provision prior year	(220,642)	(145,433)	(366,075)
Acquisition of EMD	-	65,728	65,728
At 30 June 2023	19,922,613	(739,890)	19,182,723

Note 19. Non-current assets - investment accounted for using equity method

	Consolidated	
	2023 $	2022 $
Investment in associates	-	593,296

The consolidated entity obtained control of Ellen Medical Devices Pty Ltd during the year.

Note 20. Current liabilities - trade and other payables

	Consolidated	
	2023 $	2022 $
Trade payables	2,318,135	1,681,130
Other payables and accruals	4,303,905	3,815,093
	6,622,040	5,496,223

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 21. Current liabilities - lease liabilities

	Consolidated	
	2023 $	2022 $
Lease liabilities	2,193,060	1,642,041

Future lease payments
Future lease payments are due as follows:

Within one year	2,643,979	2,033,655
One to five years	284,037	6,488,057
More than five years	-	51,105
	2,928,016	8,572,817

Movement in lease liabilities during the year (including current and non-current balances)

	Consolidated	
	2023 $	2022 $
Opening balance	7,935,024	13,000,899
Repayments during the year	(2,017,030)	(3,424,769)
Interest expense	117,838	689,374
New leases	1,869,029	384,796
Foreign exchange adjustments	-	159,593
Transfer to held for sale	-	(2,874,869)
Lease term modifications	(5,649,509)	-
	2,255,352	7,935,024

Note 21. Current liabilities - lease liabilities (continued)

Amounts recognised in profit or loss
The following amounts relating to leases are recognised in profit or loss prior to held for sale:

	Consolidated	
	2023	2022
	$	$
Interest expense (included in finance costs)	117,838	431,092
Rental payment	2,017,030	2,103,409
Expense relating to low-value leases (included in lease rental expense)	476,885	40,403
Expense relating to short-term leases (included in lease rental expense)	-	133,939

The total cash outflow for lease for the year ended 30 June 2023 was $2,493,915. (30 June 2022: total cash outflow of $2,277,751).

Accounting policy in relation to leases is included in note 16.

Note 22. Current liabilities - provisions

	Consolidated	
	2023	2022
	$	$
Employee benefits - annual leave	2,450,149	2,248,788
Employee benefits - long service leave	1,665,769	1,747,109
Other employee liabilities	2,531,904	2,269,200
	6,647,822	6,265,097

Movements in provisions
Movements in provision for other employee benefits (bonus) during the current financial year, are set out below:

	Consolidated	
	2023	2022
	$	$
Carrying amount at the beginning of the year	2,269,200	3,807,585
Utilised during the year	(1,717,596)	(2,183,711)
Additional provision recognised	1,980,300	645,326
Carrying amount at the end of the year	2,531,904	2,269,200

Accounting policy for employee provisions
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.

Note 22. Current liabilities - provisions (continued)

Accounting policy for other employee liabilities

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.

Judgement and estimates

The provision for long service involves judgement and estimates. 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.

The bonus provision is based on contracts which incorporate key performance indicators that are established each year and approved by the remuneration committee.

Note 23. Current liabilities - other liabilities

	Consolidated	
	2023 $	2022 $
Hedge liabilities derivatives (OTM)	22,779	1,949
1 King St Fit out (note 26 i)	1,025,000	300,000
Convertible notes	2,441,664	-
	3,489,443	301,949

(i) Fit-out

The consolidated entity on entering into the lease at 1 King Street Newtown received a contribution to the fit-out of $3,000,000. This was capitalised in furniture and fittings with a corresponding liability. The liability is amortised over the life of the lease. The balance at the end of the reporting period was $1,025,000.

Note 24. Non-current liabilities - lease liabilities

	Consolidated	
	2023 $	2022 $
Lease liabilities	62,292	6,292,983

Accounting policy in relation to leases is included in note 16.

Note 25. Non-current liabilities - provisions

	Consolidated	
	2023 $	2022 $
Employee benefits - long service leave	775,544	618,092

Note 26. Non-current liabilities - other liabilities

	Consolidated	
	2023	**2022**
	$	**$**
1 King St Fit-Out (note 23 i)	-	1,025,000
Convertible notes (ii)	33,244,206	27,483,024
Preferred shares liability (iii)	14,705,496	9,351,607
Derivative financial liability (iv)	5,469,329	7,019,849
	53,419,031	44,879,480

(ii) Convertible notes
In prior years, the George Health Enterprises Pty Limited issued two 5 year convertible notes totalling $28,600,000, across three tranches.

The terms of the convertible notes are identical and include:

- Either full conversion into shares of GHE or full redemption.
- Conversion at any time, at the holder's option, within 4 years of the issue date (a decision to redeem must be made by the 4th anniversary).
- The price of the conversion has been agreed and fixed at 97.04751 cents per share.

Interest has been accrued on the convertible notes at 6% and discounted to present value, with the difference being allocated to equity (convertible notes reserve).

	Consolidated	
	2023	**2022**
	$	**$**
Opening convertible notes balance	27,483,024	21,312,620
Tranch 2 draw down	-	3,407,973
Accrued interest for the year	3,591,182	2,762,431
Closing convertible note balance	31,074,206	27,483,024

The Company entered an agreement with Paul Ramsay Holdings Pty Limited by way of a non-interest bearing convertible note and has drawn down the full balance. The terms of the convertible note include:

● Interest does not accrue and is not payable,
● The instrument is non-recourse and is not redeemable or otherwise payable except in the event of default by the Company, and
● Conversion is on the achievement of milestones and a subsequent conversion trigger. A conversion trigger is either:
- The issue of additional equity to external investors (which will not include existing shareholders), in which case the note holder is entitled to convert the face value of the note
- The Company and the note holder mutually agree to convert at a price that both parties negotiate in good faith, or as determined by an independent valuer.

In the event that the milestone or conversion trigger is not met the Company will have no obligation to repay and the convertible note will lapse. To date a conversion trigger has not been met. The convertible note is classified as non-current as it will only ever be paid in shares.

Note 26. Non-current liabilities - other liabilities (continued)

	Consolidated 2023 $	Consolidated 2022 $
Opening balance	-	-
Acquisition of EMD	2,170,000	-
Closing balance	2,170,000	-

(iii) Preferred shares
During past years the group has issued Series A Preferred Shares based on pre-agreed, clear and measurable milestones. Thus, funds have been provided in tranches. During the year, George Medicines completed the final drawdowns of tranches.

The rights of the Series A Preferred Shares include:
- Voting rights
- Preferred dividends
- Redemption
- Liquidation preferences
- Conversion rights
- Anti-dilution protection
- Right of first refusal
- Drag-along rights
- Tag rights
- Information rights
- Pay to play

Preferred shares issued have an underlying derivative financial liability which is measured at fair value and disclosed separately to the preferred share liability. The preferred share liability is recorded at amortised cost and includes accrued interest at an implied interest rate of 21.4%.

	Preferred shares liability $	Derivative financial liability $	Total $
Opening balance	(9,351,607)	(7,019,849)	(16,371,456)
Adjustment to opening balance	418,901	(418,901)	-
Third and fourth tranche draw down	(3,207,900)	(3,292,100)	(6,500,000)
Fair value adjustment	-	5,261,520	5,261,520
Interest expense	(2,564,890)	-	(2,564,890)
Closing balance	(14,705,496)	(5,469,330)	(20,174,826)

Accounting policy for loans and convertible notes
Borrowings are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability.

Convertible notes that are settled by issuing a variable number of equity instruments are accounted for as a financial liability. The debt host component of convertible notes is treated as a borrowing to be accounted for at amortised cost.

Derivative contracts (including those embedded in debt host contracts that are not closely related to the debt agreement) are separately accounted for at fair value with adjustments to profit or loss.

Note 26. Non-current liabilities - other liabilities (continued)

Judgement and estimates
The repayment of the loan is capped at the amount originally received from the lender. At initial recognition, the loan's fair value on initial recognition is deemed to be equal to the capped amount, which represents the net settlement amount of the loan.

As the convertible note with Paul Ramsey Holdings Pty Ltd will only ever be paid in shares the note is classified as non-current (refer to (ii) above).

The embedded derivative has been fair valued at year end by an independent valuer, using the Monte Carlo valuation methodology. The fair value will be reassessed on an annual basis. Interest accrued on the debt component of the preferred share liability has been calculated using the implied interest rate in the external valuation report obtained for the financial year.

Convertible notes issued during the year at (iv) above have interest accrued at the effective interest rate as determined by an external cost of debt report obtained for the financial year.

Note 27. Equity - reserves

	Consolidated	
	2023	**2022**
	$	**$**
Financial asset reserve	1,340,541	932,128
Foreign currency translation reserve	90,048	(219,404)
Cash flow hedge reserve	(17,294)	12,525
Divestment reserve	10,773,175	10,773,175
Share-based payments reserve	17,870,865	17,582,791
Other reserve	6,885,719	6,885,719
	36,943,054	35,966,934

Financial assets reserve
From 1 July 2018, the reserve is used to recognize increments and decrements in the fair value of the Investments in listed entities that are accounted for as financial assets at fair value through other comprehensive income. Previously the reserve represented changes in fair value arising from available-for-sale financial assets. Amounts recognized in the reserve are not subsequently recognized in surplus or deficit, including when the 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 profit or deficit when the net investment is disposed of.

Cash flow hedge reserve
The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Divestment reserve
The divestment reserve relates to the historic divestment of 17.8% (30 June 2022: 17.8%) in George Health Enterprises Pty Limited.

Share-based payments reserve
The share-based payments reserve is used to recognize the value of SARs (Share Appreciation Rights) share based payments provided to a small number of employees (including senior executives) in the consolidated entity's commercial business as part of their remuneration. Refer to Note 33 for further details of these plans.

Other reserve
The other reserve relates to the issue of convertible notes issued in George Health Enterprises Pty Limited.

Note 27. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current financial year are set out below:

Consolidated	Available-for-sale financial asset reserve $	Foreign currency translation reserve $	Cash flow hedge reserve $	Divestment reserve $	Share-based payment reserve $	Other reserve $	Total $
Balance at 1 July 2022	932,128	(219,404)	12,525	10,773,175	17,582,791	6,885,719	35,966,934
Financial assets at fair value through other comprehensive income	408,413	-	-	-	-	-	408,413
Exchange differences on translation of foreign operations	-	309,452	-	-	-	-	309,452
Cash flow hedges	-	-	(29,819)	-	-	-	(29,819)
Share-based payment	-	-	-	-	288,074	-	288,074
Balance at 30 June 2023	1,340,541	90,048	(17,294)	10,773,175	17,870,865	6,885,719	36,943,054

Note 28. Cash flow information

Reconciliation of cash	**Consolidated 2023 $**	**Consolidated 2022 $**
Cash at bank (note 9)	28,334,774	57,228,989

Note 28. Cash flow information (continued)

Reconciliation of net cash generated by operating activities with profit (loss) after income tax	**Consolidated 2023 $**	**2022 $**
(Loss) Profit from continuing operations after income tax	(30,636,290)	(11,280,076)
(Loss) Profit from discontinued operations after income tax	(12,267,804)	(3,802,158)
Non cash flow:	-	-
Depreciation and amortisation expense	4,447,291	4,630,660
Non-cash employee benefits expense – share based payments	288,074	2,174,593
Net exchange differences	91,380	721,335
Loss on disposal	-	2,438
Fair value on derivatives	(5,261,520)	(3,730,348)
Profit and loss on associate accounting of Ellen Medical Devices	309,687	264,199
Gain on deconsolidation of Ellen Medical Devices	-	(3,005,662)
Fit-out	(300,000)	(300,000)
Interest	6,606,658	4,584,466
Doubtful debts expense	2,785,596	-
Loss on acquisition of EMD assets and liabilities	6,536,230	-
Profit on lease modifications	(240,466)	-
Changes in assets and liabilities:	-	-
Decrease (increase) in trade and other receivables	(6,443,835)	1,463,438
Decrease (increase) in other assets and prepayments	(160,436)	(848,879)
Decrease (increase) in bond monies	-	50,114
(Decrease) increase in trade and other payables	(1,668,029)	(4,732,965)
(Increase) decrease in accrued income	8,222,240	(6,277,741)
Increase (decrease) in provisions	390,467	849,716
Increase (decrease) in contract liabilities	(20,807,154)	16,806,153
(Increase) decrease in future income tax benefit	(6,960,369)	233,076
Increase in income tax provision in current account	(2,300,913)	3,385,810
Net cash (used in) generated from operating activities	(57,369,193)	1,188,169

Note 29. Discontinued operations

Description

At the end of June 2022, the board determined that George Clinical Pty Limited would be marketed for sale consistent with its longer-term strategy of returning capital to shareholders and putting George Clinical Pty Limited in a shareholding structure that can fund its future growth. The sale occurred in July 2023.

The gain (loss) from discontinued operations presented in the statement of profit or loss and other comprehensive income relates to:

Note 29. Discontinued operations (continued)

	2023 $	2022 $
Revenue	122,857,606	70,747,951
Other income	28,604	242,559
Employee benefits expense	(56,213,950)	(42,758,888)
Depreciation and amortisation expense	(1,748,468)	(2,230,276)
Rental expense	(17,454)	(80,030)
Administration expense	(9,019,042)	(2,921,061)
Study contract fee	(24,600,584)	(8,817,134)
Consultants and sub-contractors fee	(4,439,746)	(2,987,684)
Finance costs	(192,497)	(242,271)
Travel/Accommodation costs	(2,408,383)	(397,478)
Shared service fee	(830,820)	(922,398)
Other expenses	(13,977,717)	(4,418,976)
Patient recruitment expense	(6,540)	(447)
Profit (loss) before income tax expenses	9,431,009	5,213,867
Income tax benefit (expense)	(9,942,036)	(4,453,372)
Gain (loss) on the sale of the subsidiary after income tax	-	-
Intercompany revenue transaction between George Clinical and George Medicine	(12,470,511)	(5,961,820)
Intercompany net revenue and expense transactions between George Clinical Pty Limited and The George Institute for Global Health	713,737	1,399,167
	(12,267,801)	(3,802,158)

The George Clinical Pty Limited stand-alone financial statements show a loss of $511,028 (2022: profit of $760,495). However, within those accounts there is a $12,470,511 (2022: $5,961,820) revenue transaction between George Clinical and George Medicine Pty Ltd. This transaction is eliminated within the consolidated financial statements. This is further adjusted by intercompany revenue and expense transactions between The George Institute for Global Health and George Clinical of $713,737 (2022: $1,399,167) resulting in a loss of $12,267,802 (2022: $3,802,158).

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2023 and 30 June 2022:

Note 29. Discontinued operations (continued)

	2023 $	2022 $
Assets classified as held for sale		
Cash and cash equivalents	3,860,183	8,462,995
Trade and other receivables	15,834,964	12,510,926
Other financial assets	605,001	625,922
Prepayments	2,400,507	1,933,231
Contract assets	36,412,015	24,752,967
Furniture and equipment	915,854	949,175
Goodwill	8,146,342	7,840,070
Intangible assets	85,103	169,886
Right-of-use assets	1,403,709	2,542,052
Deferred tax assets	1,727,021	2,358,630
Investments	465,767	436,705
Total assets of disposal group held for sale	71,856,466	62,582,559
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	8,503,339	4,601,802
Income tax payable	1,767,115	4,068,028
Lease liabilities	1,784,797	2,861,748
Contract liabilities	32,430,144	25,248,780
Borrowings	17,524,000	3,678,248
Provisions	3,369,201	3,338,332
	65,378,596	43,796,938

Net cash flows of discontinued operations

The net cash flows attributable to the operating, investing and financing activities of discontinued operations during the year ended 30 June 2023 and 30 June 2022 are listed below:

	2023 $	2022 $
Net cash inflow (outflow) from operating activities	(425,866)	5,514,642
Net cash inflow (outflow) from investing activities	(16,526,380)	(1,096,100)
Net cash inflow(outflow) from financing activities	12,249,436	(3,730,150)

Accounting policy for non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Note 30. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2023 **$**	**2022** **$**
Aggregate compensation	2,733,728	2,405,615

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Limited, the auditor of the Company:

	Consolidated	
	2023 **$**	**2022** **$**
Audit services - BDO Audit Pty Limited		
Audit of the financial statements	310,710	256,000
Other services - BDO Audit Pty Limited		
Preparation of financial statement	39,206	33,860
	349,916	289,860

Note 32. Share-based payments

Share Appreciation Rights (SARs)

A small number of executives and non-executive directors in the for profit subsidiaries, receive remuneration in the form of granted share appreciation rights (SAR). Each SAR provided a participant with a potential entitlement to a LTI outcome in the form of shares or, if the Board determines, in cash payments(s) of equivalent value, plus a potential entitlement to notional “dividends”.

The estimation of the fair value of share based payment awards such as SARs requires judgement with respect to the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions.

A description of the general terms and conditions of the SAR arrangements that were granted during the period or granted in prior years and not lapsed, covering vesting requirements, grant date and valuation methodologies used for the award etc. is shown in table below:

Note 32. Share-based payments (continued)

LTI Plan	Award Type	Vesting/ Performance Condition	Grant Date(s)	Exercise Date	Average Exercise Price	Valuation Method	Expected Life
George Health Enterprises Pty Ltd (GHE)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	27 September 2021	1 January 2025	$0.834	Binomial Tree	3.3 years
George Health Enterprises Pty Ltd (GHE)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	13 April 2018 - 1 January 2021	31 August 2021 - 31 December 2025	$0.62	Binomial Tree	0.2 years-4.5 years
GHE Subsidiary George Medicines Pty Ltd (GM)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	26 March 2018	31 August 2021	$1.00	Binomial Tree	0.2 years
GHE Subsidiary George Medicines Pty Ltd (GM)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	4 May 2021	1 January 2025	$1.27	Binomial Tree	1.2 years to 1.4 years
GHE Subsidiary George Medicines Pty Ltd (GM)	Performance Options	Time Based Service Condition (non-market)	1 November 2021 - 1 March 2022	1 November 2021 - 1 March 2022	$1.00	Binomial Tree	4 years
George Health Enterprises Pty Ltd (GHE)	Share Appreciation Rights ('SARs')	Time Based Service Condition (non-market)	4 October 2022	1 January 2025	$0.834	Binomial Tree	2.2 years

Total number of options granted in George Health Enterprises Pty Limited during the year was 638,507 (2022: 1,017,106). The expense in the year was $886,477 (2022: $701,988). No options were exercised during the period ending 30 June 2023 in the consolidated entity (2022: nil).

The total number of options/SARs granted during the period was 638,507 (2022: options granted 4,062,500). The expense in the year was $438,879 (2022: $832,923). The weighted average exercise price of the options/SARs, per option/SAR, as of 30 June 2023 is $0.71 (2022: Per option $1.00). The share based payment expense of the SAR transaction were determined by the fair value at the date when the grants were made using an appropriate valuation model as outlined above.

Movements in the number of options during the year:

	Consolidated	
	2023 No. of options	2022 No. of options
Balance at the beginning of the year	13,133,841	8,704,235
Granted	638,507	4,429,606
Exercised	-	-
Lapsed	(3,561,371)	-
Balance at the end of the year	10,210,977	13,133,841

Judgements and estimates relevant for SARs and Founders Plan (FNS)

Note 32. Share-based payments (continued)

<u>Allocation</u>
The allocation is the percentage of the respective company value in excess of the exercise price, where applicable, that the SAR and FNS holder will be entitle to, if the SARs and FNS vest.

<u>Volatility</u>
The volatility assumption is representative of the level of uncertainty expected in the movements of the respective company's valuation over the life of the award.

<u>Expected life</u>
For reasons including non-transferability, risk aversion, taxation and wealth diversification, holders of such awards often exercise their entitlements differently to how they might be expected to, ignoring these factors. AASB 2 requires the consideration of these factors, for instance by using an expected life for awards which is less than the contracted life.

The SARs vest at the earlier of a liquidity event, change of control event or the end of the performance period. The commercial subsidiaries have determined an estimated vesting date following the end of the performance period. Once vested the SARs also remain in force indefinitely and do not lapse.

The FNS vest if the value of The George Institute for Global Health's stake in the George Institute Ventures Pty Limited is at least equal to AU$100m at the end of the vesting period, or if George Institute Ventures Pty Ltd and its consolidated entities has made a contribution of at least AU$100m to The George Institute for Global Health. Given the value of GC, the board confirmed the vesting of FNS.

SARs and FNS will have the highest value when exercised immediately upon vesting, as the holder becomes entitled to receive dividends upon exercise. Therefore, we assume that the SARs will be exercised at the first opportunity.

<u>Risk-free interest rate</u>
The risk-free interest rate is the rate of return that would be expected on a riskless investment with term to maturity equal to the expected life of the award. The risk-free interest rate derived from the implied zero coupon yield from Australian government bonds. The risk-free interest rate is expressed as a continually compoundable rate.

<u>Dividends</u>
George Health Enterprises Pty Ltd and its subsidiaries do not expect to pay dividends over the life of the SARs and FNS. Special dividends are payable to SAR holders at the end of the performance period, provided there has been no liquidity event or change of control and none is envisaged within the 24 months following the end of the performance period. In this circumstance, an annual dividend is payable to fully vested SARs holders based on the Company's dividend policy. FNS holders are entitled to dividend equivalent amounts. Dividends paid, or payable on a change of control event has not be considered as part of the evaluation of the dividend policy.

<u>Impact of dilution</u>
The consolidated entity expects the SARs and Founders Plan to be settled with newly issued shares. As such, the dilution impact of the SARs and FNS awarded has been determined to be a materially impacted factor in the calculation of the value of the awards. Accordingly, the fair value of the SARs and FNS are adjusted for potential dilution.

Note 33. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 30.

Donations received from key management personnel during the year amounted to $183,184 (2022: 162,647)

Note 33. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2023 $	Consolidated 2022 $
Payment for other expenses:		
George Health Enterprise Limited Consolidated Group	222,583	184,977
Ellen Medical Pty Ltd	1,198	6,699
George Clinical Asia Pacific Limited	-	(3,328,859)
George Institute for Global Health (India)	(1,983,044)	(2,973,325)
George Institute Ventures	6,947	30,791
George Partners Limited	(893,711)	(940,650)
George Clinical	-	(184,977)
George Institute China	2,172,070	3,330,859
George Institute Services India Private Limited	(137,041)	-
George Health Technologies Pty Ltd	2,587	(38,677)
George Medicines Pty Limited	404,891	477,695
George Clinical Pty Ltd	484,377	1,298,028
George Health Enterprises UK Limited	(55,183)	(5,150)
The George Institute for Global Health, UK - Division of Imperial College	257	-
George Clinical (UK) Limited	10,049	18,483
The George Institute for Global Health UK	(533,405)	-

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from parent entity to 100% related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2023 $	Consolidated 2022 $
George Clinical Pty Ltd	16,824	170,538
George Clinical Asia Pacific Limited	(1,468,314)	(1,188,036)
George Health Enterprises Pty Ltd	122,457	21,350
George Medicines Pty Ltd	182,167	26,340
George Health Enterprises UK Ltd	5,574	(5,150)
George Institute Ventures Pty Ltd	389,579	54,814
George Institute for Global Health (India)	(1,250,486)	(186,318)
George Partners Limited	-	(208,714)
George Health Technologies Pty Limited	-	3,219
George Institute/George Institute Ventures	-	327,818
George Partners Limited	(209,055)	(208,714)
George Institute Services India Private Limited	(137,041)	-
Ellen Medical Devices Pty Ltd	50,302	51,355
The George Institute for Global Health, UK - Division of Imperial College	257	-
George Clinical (UK) Limited	10,049	-
The George Institute for Global Health UK	(255,967)	-

The above loans are eliminated on consolidation.

Loans to/(from) group to other related parties

Note 33. Related party transactions (continued)

	Consolidated	
	2023	2022
	$	$
Ellen Medical Pty Ltd	-	413,498

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

The consolidated entity is affiliated with the University of New South Wales (UNSW) with a number of staff having academic appointments at UNSW. As part of this affiliation, UNSW has the right to appoint the Dean of Medicine (or nominee) to the consolidated entity's Board. Professor Vlado Perkovic, UNSW Provost since 18 September 2023 and Dean of Medicine from 2019 until that date, is currently that nominee.

Note 34. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	$	$
Results of parent entity		
Profit/(deficit) for the year	(15,425,365)	5,863,210
Other comprehensive income (loss)	378,594	-
Total comprehensive income (loss) for the year	(15,046,771)	5,863,210

Statement of financial position

	Parent	
	2023	2022
	$	$
Current assets	28,076,012	45,942,096
Non-current assets	42,431,390	43,118,014
Total assets	70,507,402	89,060,110
Current liabilities	47,034,244	43,490,247
Non-current liabilities	2,017,029	8,401,665
Total liabilities	49,051,273	51,891,912
Total equity of the parent entity comprising of:		
Accumulated surplus	20,168,884	36,223,546
Available-for-sale financial asset reserve	1,304,540	932,128
Cash flow hedge reserve	(17,295)	12,525
Total equity	21,456,129	37,168,199

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
There were no guarantees entered into by the parent entity in relation to the debts of its subsidiaries during the year ended 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Note 34. Parent entity information (continued)

Capital commitments
The parent entity had no capital commitments as at 30 June 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

Note 35. Interests in 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.

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	2022 %
George Institute Ventures Pty Limited	Australia	100.00%	100.00%
The George Foundation for Global Health Ltd	Australia	100.00%	100.00%
George Institute for Global Health	China	100.00%	100.00%
The George Institute for Global Health (UK)	United Kingdom	100.00%	100.00%
George Institute for Global Health	India	100.00%	100.00%
George Health Enterprises Pty Limited	Australia	82.00%	82.00%
George Institute Services India Private Limited	India	100.00%	100.00%
The below subsidiaries are owned by George Health Enterprises Pty Limited:			
George Clinical Pty Ltd	Australia	100.00%	100.00%
George Partners Limited	United Kingdom	100.00%	100.00%
Academic Alliance for Clinical Trials LLP	United States	100.00%	100.00%
Beijing George Medical Research Co. Ltd	China	100.00%	100.00%
George Health Technologies Pty Ltd	Australia	100.00%	100.00%
George Health Enterprises UK Limited	United Kingdom	100.00%	100.00%
George Medicines Pty Limited	Australia	100.00%	100.00%
SmartGenRx Pty Ltd	Australia	100.00%	100.00%
Ellen Medical Devices Pty Ltd	Australia	68.30%	41.00%
George Medicine UK Limited	United Kingdom	100.00%	100.00%
George Partners Limited	United Kingdom	100.00%	100.00%
Foodswitch Pty Ltd	Australia	100.00%	100.00%
The below subsidiaries are owned by George Clinical:			
George Clinical India Private Ltd	India	100.00%	100.00%
George Clinical Asia Pacific Limited	Hong Kong	100.00%	100.00%
George Clinical (UK) Limited	United Kingdom	100.00%	100.00%
George Clinical Inc.	United States	100.00%	100.00%
George Clinical Singapore Pte. Ltd	Singapore	100.00%	100.00%
George Clinical Netherlands BV	Netherlands	100.00%	100.00%
George (Beijing) Health Technology Co. Ltd	China	100.00%	100.00%

Note 36. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities that the management is aware of at 30 June 2023.

Note 37. Commitments

The consolidated entity does not have any capital commitments as at 30 June 2023 (30 June 2022: nil).

Note 38. Events after the reporting period

In line with the organisation's strategic plan, the Board approved the initiation of the sale process of George Clinical late in FY22 (for a headline price of $480,000,000), with the being transaction finalised on 7 July 2023. As is common with many medical research institutes (MRIs), the costs of conducting research exceeds the grants received. MRIs rely on philanthropy and other revenue streams to compensate for this gap. To date, the Company has relied on donations from its commercial subsidiaries (including George Clinical) to partially address this shortfall.

With the proceeds of the transaction, an endowment will be established to generate returns that will address the operational deficit. the Company is appointing an investment committee, reporting to the board, to manage its funds to provide greater financial stability and security.

The funds were also be used to:
- Repay convertible loans with accumulated interest and estimated dividends to minority shareholders
- Payment of share based remuneration to the George Clinical board and management, George Health board and management and to the founders
- Pay transaction costs and account for working capital adjustments at time of completion
- Invest in George Health and its other retained subsidiaries, most notably George Medicines
- Retain an equity investment in George Clinical post sale (5%)

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 39. Acquisition of Ellen Medical Devices Pty Ltd assets and liabilities

During the prior year the consolidated entity lost control over Ellen Medical Devices Pty Ltd ('EMD') but retained significant influence and the investment was accounted for using the equity method. The consolidated entity's share of the loss in the associate for the period of the year while significant influence was maintained amounted to $309,687 (2022: $274,148). On 24 January 2023, the consolidated entity regained control over EMD following a capital raise by the entity. The balance of the investment in associate immediately prior to the regaining of control was $283,614 and was revalued to fair value of $367,500 with the $83,886 difference booked as other income. The parent entity invested additional capital of $750,00 to regain control of EMD and booked an impairment loss of $142,852. The following assets and liabilities of EMD were acquired on 24 January 2023:

	$
Cash and cash equivalents	365,463
Prepayments	26,003
Property, plant and equipment	34,205
Deferred tax asset (note 19)	65,728
Trade and other payables	(589,592)
Contract liability	(300,000)
Provisions	(180,578)
Current liabilities – other (note 24)	(2,301,413)
Non-current liabilities – other liabilities (note 27)	(2,170,000)
Net liabilities on acquisition	(5,050,184)
Less: Investment in EMD held by George Health Enterprises	(974,643)
Less: Non-controlling interest	(452,434)
Loss on acquisition of assets and liabilities of EMD	(6,477,261)

The George Institute for Global Health and Controlled Entities
Directors' declaration
30 June 2023

The directors of the Company declare that:

- the attached financial statements comprising the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity, and accompanying notes to the financial statements, are in accordance with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991 and associated regulations, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- as at the date of this report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

- The Company has taken reasonable steps to comply with the Charitable Fundraising Act 1991, the regulations and the conditions of the authority.

- The Company has appropriate and effective internal controls for fundraising.

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

On behalf of the directors

David Hugh Armstrong (Chair) Director	Anushka Patel Director

17 November 2023
Sydney

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

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of The George Institute for Global Health

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The George Institute for Global Health (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of The George Institute for Global Health, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsible entities of the registered entity are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

L Russell

Leah Russell
Director

Sydney, 28 November 2023