COMMUNITY HEALTH AND TUBERCULOSIS AUSTRALIA

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Registered under the Charitable Fundraising Act 1991.

Community Health and Tuberculosis Australia (CHATA) is a member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management.

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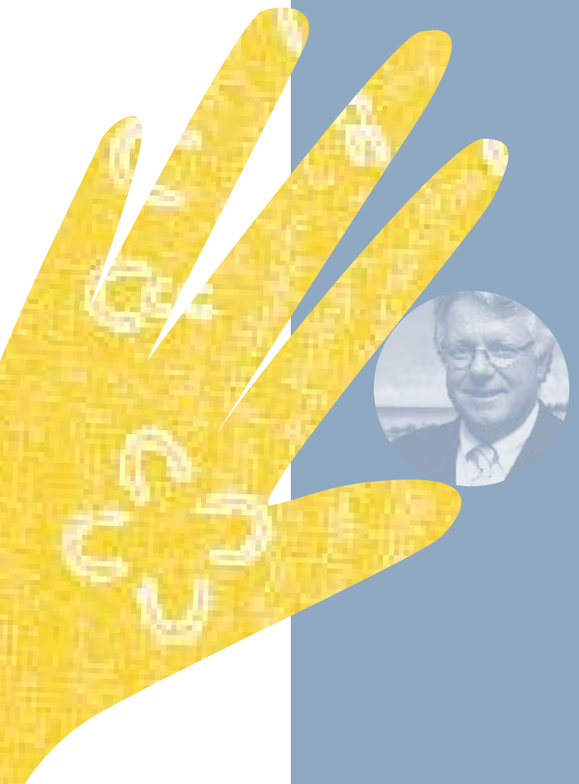
CHATA

ANNUAL REPORT 2005
NO. 92

MISSION TO DEVELOP AND SUPPORT INNOVATIVE AND EFFECTIVE APPROACHES TO RESEARCH AND DEVELOPMENT IN LUNG HEALTH AND TO IMPROVE LUNG HEALTH IN COMMUNITIES, WITH EMPHASIS ON DISADVANTAGED GROUPS.

VISION TO CONTINUE TO BUILD EXPERTISE IN RESPIRATORY HEALTH. TO FOSTER INNOVATION IN RESPIRATORY HEALTH RESEARCH. TO DELIVER AND MEASURE POSITIVE IMPACTS TO COMMUNITIES AND RESEARCH. TO ENHANCE CHATA'S ROLE IN THE COUNTRY AS A UNIQUE NON-GOVERNMENT ORGANISATION IN THE AREA OF LUNG HEALTH. TO ADVOCATE TO IMPROVE RESPIRATORY HEALTH, PARTICULARLY IN RELATION TO TB AND SMOKING AT STATE, NATIONAL AND INTERNATIONAL LEVELS.

PATRONS HER EXCELLENCY PROFESSOR MARIE BASHIR AC GOVERNOR OF NEW SOUTH WALES, AND SIR NICHOLAS SHEHADIE AC OBE.



PRESIDENT'S REPORT

'ONE OF THE HIGHLIGHTS OF THE YEAR HAS BEEN THE LAUNCH OF OUR TUBERCULOSIS TREATMENT MATERIALS IN THE MANINGRIDA ABORIGINAL COMMUNITY IN ARNHEM LAND'.

In the year since my last report, it is estimated that two million people have died from tuberculosis worldwide. Reflecting on this number and the catastrophic impact this illness has on people's lives, on communities and on the economies of regions, it is easy to understand why I am so passionate about the importance of CHATA's work not only in tuberculosis, but in respiratory health generally.

This annual report details the significant input that CHATA is making in the area of respiratory health in particular, to the body of scientific knowledge, and in the field, in the prevention and management of one of the worst infectious diseases known to mankind.

I am pleased to say that many other people also recognise the contribution that CHATA is making, both nationally and internationally, and are willing to support us on our journey.

One of the highlights of the year has been the launch of our tuberculosis treatment materials in the Maningrida Aboriginal community in Arnhem Land. In August, I was privileged to attend the launch of a flipchart *What is TB?* which took the form of a concert by the band *Wildwater* and was attended by over 300 local residents (mainly children up to 18 years of age and their parents) who also enjoyed a mime by *The Terrible TB Twins*. Funds for this project were generously provided by the James N Kirby Foundation.

Through our international projects, we continue to promote tuberculosis control and prevention with an emphasis in the Western Pacific. We have recently completed TB nurse training in Kiribati where the tuberculosis burden is one of the highest in the world, and are about to undertake similar work in Samoa and Tonga.

CHATA has increased its total equity to $7.07 million as at 30 June 2005 from $6.85 million in 2004. CHATA's property investments have been valued at $3.4 million — a considerable improvement on their cost value at $2.3 million. We are definitely in a stronger financial position today than at any time in our history.

I commend this annual report to you, and sincerely hope that you enjoy learning about our work as much as I have enjoyed working alongside CHATA's committed people.

STRATEGIC DIRECTION CHATA's current three-year strategic plan has now completed its first year of implementation. The plan continues to guide CHATA through a process of transition — consolidating our strengths, extending our reach and carving out our niche in a competitive environment. Towards this end CHATA has, during the past twelve months, commissioned qualitative research with the aim of improving CHATA's profile in the community and to develop strategies to engender community involvement and support. We are about to move into the quantitative phase of that research. The most significant strategic decision made by the board during the year has been to earmark $1 million to projects that will make a genuine difference in respiratory health. It has been decided to allocate a significant amount of these funds towards indigenous respiratory health in Australia. A specialist working group has been formed to provide detailed and specific advice to the board on possible projects.

The revised research policy has now been implemented with the introduction of the CHATA Ann Woolcock Australian Fellowships and the new CHATA Harry Windsor Research Grant Scheme. The appointment of Dr Ingrid Laing as the inaugural CHATA Ann Woolcock Australian Fellow marks a new era for CHATA. Dr Laing is a most worthy recipient and has represented CHATA at several national and international scientific meetings during the past year. We are delighted to have her as part of the CHATA family.

BOARD CHANGES CHATA owes a special debt of thanks to board members who retired during the year. Professor Stephanie Fahey who stepped down in March contributed significantly to CHATA since her appointment to the board in 2001. She was an active director: chairing the projects committee as well as being a member of the research committee. We shall miss her contribution and wish her well for the future.

Emeritus Professor Noel Martin AM was appointed to the board in 1961 and is the longest-serving director in CHATA's long history. He also has the distinction of being the longest-serving CHATA President holding office from 1967 until 1994. He was appointed a Life Governor in 2003. Professor Martin has had a distinguished career in his chosen profession of dentistry being Professor of Preventive Dentistry at the University of Sydney where he was also Dean of the Faculty of dentistry from 1970 until 1988. He has a great interest in public health issues and was a leading advocate of fluoridisation of Sydney's water supply. His many CHATA friends wish him a long and happy retirement.

THANKS I would like to thank all board members, particularly the office bearers — Vice-Presidents Michael Levy and Paul Seale and Finance Director Robert Horsell — for their dedication to, and enthusiasm for CHATA. I would also like to extend further thanks to those directors who serve in additional capacity as members of the board's subcommittees.

On behalf of the board, I would like to take this opportunity to thank Bruce Ramage and his team for their outstanding work. We have been without a full-time project manager for most of the year. However, Bruce, Melissa George and Lynette Robinson (in a part-time role) have shown a wonderful commitment to our organisation in helping to forge the next phase of our future. It is a privilege to work alongside such a dedicated group of professionals.

I would like also to express my thanks to the many donors who have continued to support CHATA's work and to those new supporters who have joined CHATA in the past year. With your assistance we are able to provide support for our research and public health programs.

I look forward to another productive year.



David Macintosh

EXECUTIVE OFFICER'S REPORT

WELCOME TO CHATA'S 2005 ANNUAL REPORT. I AM PLEASED TO PROVIDE YOU WITH AN UPDATE OF CHATA'S ACTIVITIES OVER THE PAST YEAR.



STRATEGIC ACTIVITIES As I said in last year's annual report, the adoption of CHATA's new strategic plan sets in place a series of targets and reforms which will assist CHATA in better defining its niche role, extending its reach and consolidating its strengths. I am delighted that at the conclusion of the plan's first year, we have reached all the targets that were set. We have reviewed and refined our mission to encompass respiratory health generally. We have taken a good hard look at our fundraising activities following research with our donors and members of the community. We are now embarking on a series of initiatives to explore ways to increase our public profile, which in turn, will hopefully increase financial support from foundations, trusts, business and the general community. The outcomes are not yet known but the next twelve months will be exciting for CHATA and could result in significant change for the organisation. Again, as I said last year, the success of these new initiatives will be critical in ensuring CHATA's long-term future.

SUBCOMMITTEES OF THE BOARD The committee structure adopted under the new constitution has worked well in its first year of operation. During the year, the projects committee lost its chair when Professor Stephanie Fahey resigned from the board. Both the board and the projects committee will miss Stephanie's knowledge and experience. CHATA Vice-President Associate Professor Michael Levy was subsequently appointed as chair of the projects committee. In keeping with CHATA's national identity, the committee welcomed three new members from across Australia: Dr Justin Waring, Consultant Physician, Respiratory and Tuberculosis Medicine, Perth Chest Clinic and Royal Perth Hospital; Dr Paul Maguire, Adult Specialist Community Physician, Kimberley Health Region, WA Department of Health; and Dr Colin Butler, Research Fellow in Epidemiology, National Centre for Epidemiology and Population Health in Canberra.

Following its review of CHATA's research policy, the research committee put its new policies into practice for the 2005 round of research grants and fellowships. The committee's deliberations resulted in the award of CHATA's first CHATA Ann Woolcock Australian Fellowship as well as two CHATA Harry Windsor Australian Research Grants.

RESEARCH There were ten high quality applications for the CHATA Ann Woolcock Australian Fellowship with the research committee interviewing three short-listed applicants and awarding the inaugural fellowship to Dr Ingrid Laing who took up her fellowship in March. The fellowship will allow Dr Laing to further her research into the role of genetics in infant lower respiratory tract infections at the Telethon Institute for Child Health Research in Perth. Recruitment and sample collection for a population of high-risk infants from Goroka, Papua New Guinea are well underway. In this community, the rates of infant lower respiratory tract infection morbidity and mortality are amongst the highest in the world. Development of the protocols for genetic analyses in this population has been successfully completed. Preliminary analysis of infant nasal bacterial colonisation has already revealed an unusual variety of *Streptococcus pneumoniae* types.

Ingrid, who was awarded a Doctor of Philosophy from the University of Western Australia in June this year, is proving to be a worthy ambassador for CHATA. She was on the organising committee for the TSANZ Annual Scientific Meeting held in Perth in March when she delivered a poster paper on her doctoral research. Ingrid has also presented a seminar describing the fellowship project and CHATA's role in research, advocacy and education. In April, she attended the Universal Relationships and Responsibilities conference in Perth to further her understanding of cultural issues involved in research of indigenous groups. In September, Ingrid attended the 2005 Papua New Guinea Medical Research Symposium in Goroka and the 2005 European Respiratory Society Annual Congress in Copenhagen in an effort to learn more about lower respiratory infections in both developed and developing countries.

The following publication is the result of Ingrid's recent interest in the genetics of respiratory infection which lead to her fellowship project:

Martin AC, Laing IA, Zhang G, Brennan S, Sly PD, Stick SM, Goldblatt J, LeSouef PN *CD14 C-159T and early infection with Pseudomonas aeruginosa in children with cystic fibrosis* Respiratory Research, accepted for publication 7.6.05.

During the year, CHATA also funded two research grants and one scholarship. Progress on this research can be found elsewhere in this report.

PROJECTS AND PARTNERSHIPS CHATA is continuing to implement a targeted program of technical project work, both internationally and nationally. Last September, CHATA consultant Kay Withnall delivered a course of laboratory training and technical support in Tungaru Central Hospital in Kiribati. Ms Withnall successfully trained laboratory technicians based in the central hospital as well as in Kiribati's remote Christmas Island DOTS centre. To bring additional benefits for the region, the Secretariat of the Pacific Community (SPC) also funded some Tuvaluan laboratory technicians to participate in this training.

As part of the same project CHATA designed a program of nurse training in Kiribati where rates of TB are among the highest in the world. CHATA consultant, Lesley Cotton, delivered the training mid-year to 30 nurses. This type of training is a first in the Pacific and, hopefully, will bring findings and outcomes that will enhance TB programs throughout the entire region.

CHATA in partnership with SPC has five new projects in the offing for 2005 – 2006. They range from helping to fund a new tuberculosis laboratory in Kiribati to a three-part tuberculosis project in Samoa.

Monies raised from a fundraising drive held in the middle of the year will contribute to the construction of a new TB laboratory at Tungaru Central Hospital at Tarawa, the capital of Kiribati. This is a practical and effective way to assist Kiribati with improved diagnosis and treatment of TB in this most difficult of operating contexts, where the current level of TB infection is described as an 'epidemic' by SPC's Dr Janet O'Connor.

We are also expanding our nurse training to Samoa where most of the population is concentrated on the main islands of Upolu and Savaii. Although the general health of Samoans has improved considerably over the past decade, there is strong commitment by the Samoan Ministry of Health to the country's TB program in order to ensure that new TB case rates continue to decline.

CHATA will work in partnership with SPC and Samoan health workers to deliver on-the-ground training to ten laboratory technicians and fifty nurses from hospitals on Upolu and Savaii. The nurses training initiative is designed to build capacity at 'the front line' of TB care, where it can be most useful.

CHATA will also produce educational materials to deliver awareness-raising TB messages in a culturally appropriate style, in consultation with local TB managers and SPC.

We are also exploring partnership possibilities with the Centers for Disease Control in Atlanta, Georgia in order to expand CHATA's activities into the northern Pacific.

Under a joint project between CHATA and the Northern Territory Department of Health and Community Services, generously supported by the James N Kirby Foundation, a targeted communications program was devised in an effort to improve tuberculosis-related health outcomes in Maningrida. Tuberculosis rates in Maningrida are around 20 times higher than the rate for Australia overall.

To assist local health workers in treating tuberculosis in Maningrida, culturally-appropriate materials were developed for educating TB patients and their families about the disease. A flip chart educational tool and clinic posters were developed in cooperation with Dr Vicki Krause and her staff at the Northern Territory Department of Health and Community Services.

The flip charts were officially presented to health clinic staff at Maningrida Health Clinic at a community event in August. The flip charts and posters will be used in Maningrida and other indigenous communities in Australia where tuberculosis remains a problem. We are hoping to expand our work in this area next year.

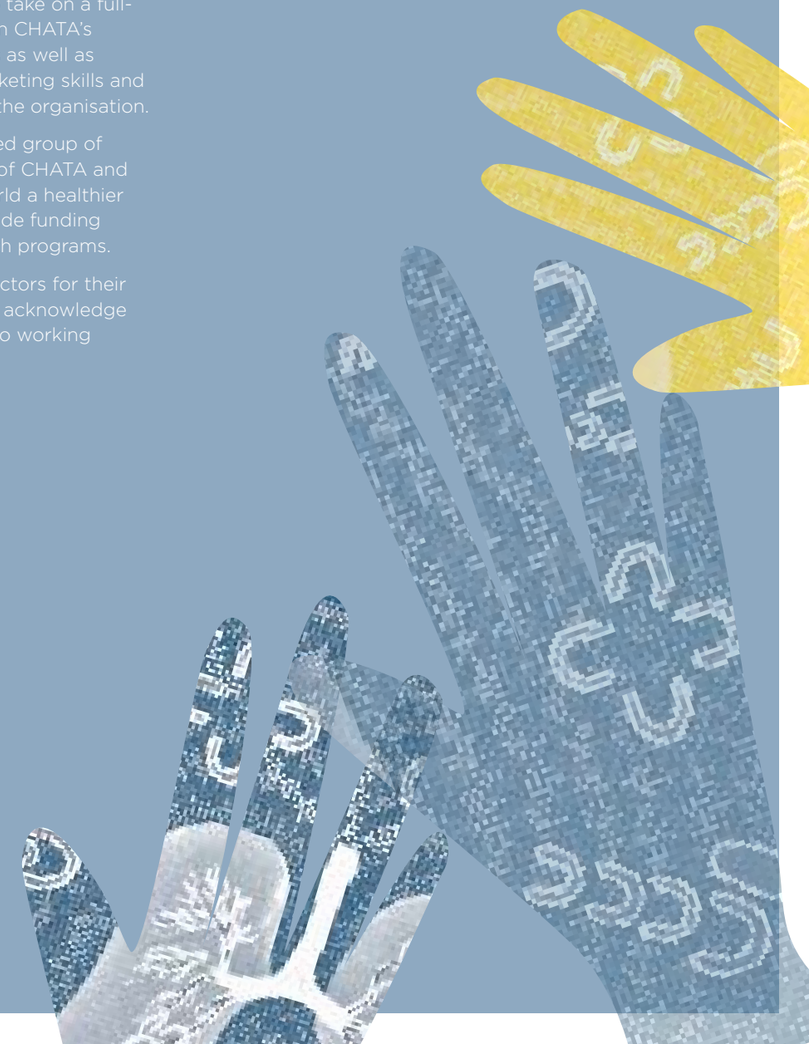
STAFF Melissa George, CHATA's administration manager, continues to provide invaluable support to the day-to-day operation of the office. She has taken on greater responsibilities in her role during the past year and her skills and experience continue to be fundamental to the smooth running of CHATA.

For most of the year, we have been fortunate to have with us Lynette Robinson who has been our acting project manager. Although only part-time she has managed to take on a full-time load for most of the time. She has grown CHATA's project work considerably in her time with us as well as taking on a range of other activities. Her marketing skills and experience have been an invaluable asset to the organisation.

THANKS We are fortunate to have a dedicated group of donors who understand the important work of CHATA and who give generously to help us make the world a healthier place to live. This support enables us to provide funding into respiratory research and our public health programs.

Finally, I would like to thank the board of directors for their support and direction over the past year and acknowledge their commitment to CHATA. I look forward to working together to achieve greater success in 2006.

Bruce Ramage



REPORT 1 NOVEL METHYLATED GENES IN LUNG CANCER. ASSOCIATE PROFESSOR KWUN FONG AND DR ANNALESE SEMMLER. DEPARTMENT OF THORACIC MEDICINE, THE PRINCE CHARLES HOSPITAL, BRISBANE. THE CHATA HARRY WINDSOR AUSTRALIAN RESEARCH GRANT SCHEME 2005.

REPORT 2 INFECTION VERSUS REJECTION IN LUNG TRANSPLANT – RELATED BRONCHIOLITIS OBLITERANS SYNDROME: CAN INTRACELLULAR CYTOKINES HELP? ASSOCIATE PROFESSOR PAUL REYNOLDS, DR GREGORY HODGE, DR SANDRA HODGE AND ASSOCIATE PROFESSOR MARK HOLMES. ROYAL ADELAIDE HOSPITAL AND HANSON INSTITUTE, ADELAIDE. THE CHATA HARRY WINDSOR AUSTRALIAN RESEARCH GRANT SCHEME 2005.

REPORT 3 INVESTIGATION OF THE STRUCTURE OF CRYPTOCOCCAL PHOSPHOLIPASES

KYLIE TURNER. CENTRE FOR INFECTIOUS DISEASES AND MICROBIOLOGY, WESTMEAD HOSPITAL; PHD CANDIDATE, DEPARTMENT OF MEDICINE, THE UNIVERSITY OF SYDNEY. ANN WOOLCOCK BIOMEDICAL AND MEDICAL POST-GRADUATE SCHOLARSHIP 2005.

NOVEL METHYLATED GENES IN LUNG CANCER

THE CHATA HARRY WINDSOR AUSTRALIAN RESEARCH GRANT SCHEME 2005

LUNG CANCER IS A MAJOR PUBLIC HEALTH PROBLEM. IN AUSTRALIA, LUNG CANCER IS THE THIRD LEADING CAUSE OF MORTALITY AND THE FIFTH LEADING CAUSE OF BURDEN OF DISEASE. TOBACCO SMOKING IS THE MAJOR CAUSE OF LUNG CANCER.

Despite intensive efforts in primary prevention, screening, and therapy, long-term survival rates have not improved substantially since the 1960s. Therefore a more complete understanding of the biology of lung cancer is crucial to the development of effective new diagnostic and therapeutic strategies. One aspect of this has been the identification of genetic biomarkers associated with individual risk for developing the cell damage that leads to lung cancer.

In lung cancer, genes controlling cell growth are affected by numerous changes including changes to the structure of the genes or their protein product (mutational) or changes whereby certain genes are inappropriately switched off (non-mutational). Gene methylation is an example of the latter process and is the focus of this project. DNA methylation is a very effective mechanism to turn a gene off and if that gene is protective against cancer the loss of its function can leave cells more susceptible to malignant change. Research has shown that changes in the pattern of gene methylation are an early event in the development and progression of lung cancer. By detecting these methylation patterns, this disease can be better identified at an early stage, as well as potentially being able to develop new treatments based on reversing the process.

Identifying the key genes that have been switched off by methylation is therefore the first priority, and this is being investigated by using PCR based technology. Several putative regions of interest have so far been identified within the genome. These regions include two known genes which play a key role in cell growth and development. A large number of lung cancers are now being screened to further pinpoint the importance of these two genes in lung cancer and to determine the suitability of using them as early diagnostic markers for lung cancer. The next challenge will be to work out ways of preserving the function of these genes and to evaluate the effect of restoring their function on tumour growth. An impact on tumour growth could indicate potential for manipulating gene methylation in developing new treatments for lung cancer.

ASSOCIATE PROFESSOR KWUN FONG AND DR ANNALESE SEMMLER DEPARTMENT OF THORACIC MEDICINE, THE PRINCE CHARLES HOSPITAL, BRISBANE

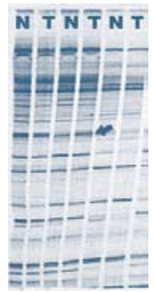


FIGURE 1 Representative APPCR gel. Arrow indicates a band that is differentially expressed in tumour (T) when compared with normal (N) lung.



FIGURE 2 Box region highlights this difference.

INFECTION VERSUS REJECTION IN LUNG TRANSPLANT- RELATED BRONCHIOLITIS OBLITERANS SYNDROME: CAN INTRACELLULAR CYTOKINES HELP?

THE CHATA HARRY WINDSOR AUSTRALIAN RESEARCH GRANT SCHEME 2005

LUNG TRANSPLANTATION HAS BECOME AN ESTABLISHED THERAPY FOR OTHERWISE INCURABLE LUNG DISEASES. ALTHOUGH THE PROCEDURE LEADS TO SIGNIFICANT IMPROVEMENTS IN QUALITY OF LIFE, PATIENTS OFTEN HAVE MANY COMPLEX PROBLEMS AFTER THE TRANSPLANTATION.

All lung transplant patients must take powerful immunosuppressant drugs to prevent the body's natural tendency to reject the new lungs. These drugs suppress the immune system, which makes the patients susceptible to a wide range of infections, including those caused by viruses, bacteria and fungi.

In clinical practice a patient suffering from an episode of lung rejection can often have very similar symptoms to those with infection. Frequently, infection and rejection can occur at the same time.

There is an additional problem called Bronchiolitis Obliterans Syndrome or "BOS". BOS causes chronic lung failure due to narrowing and loss of the small airways, and is the major limiting factor in the long term survival of lung transplant patients. The cause of BOS is not clear but is likely related to a combination of infection and rejection processes.

This project involves the analysis of samples taken from the lungs (by bronchoscopy) and blood of lung transplant patients who are either stable, have infections or rejection, in order to define new cellular markers which will help us determine more accurately whether an individual patient has infection as the basis of their problems and to better understand the causes underlying BOS. So far, data from 39 bronchoscopy procedures (some being repeat procedures on the same patient) have been accumulated. At least 14 of these have had an identifiable infection, whereas mild rejection has also been seen in some. Data is being collated on many different inflammatory markers including IL-8, TNFα, IFNγ, IL-6, IL-1β, IL-5, IL-10, IL-12.

In previous studies in neonatal sepsis these markers identified 89% of patients with infection. Important differences have also been noted between blood and lung derived inflammatory markers in stable lung transplant patients, and also differences between lung cells that are taken from the airway lining (using a small brush) and cells washed out from the air sacs (alveoli) of the lungs. In particular, it appears that current immunosuppressive regimens may not be adequately suppressing T-cell derived Interferon gamma (IFNγ), and monocyte derived IL-8, MCP-1 and MCP-3 (these latter molecules stimulate the accumulation of neutrophils (white blood cells) and can stimulate fibrosis which may have a role in BOS). This may mean that the current practice of adjusting immunosuppressant drug doses based on monitoring of drug concentrations in the blood does not adequately assess the real impact of the drugs on the lungs. It is hoped to advance the ability to adjust immunosuppressive drug dosage, which will then help to reduce the incidence of infection and rejection.

By the end of the year further data will have been accumulated which will enable a determination which of the many markers that are currently being analysed will prove most useful. This assessment will be helped by further repeated studies done in the same patients when stable and when suffering an infection.

ASSOCIATE PROFESSOR PAUL REYNOLDS, DR GREGORY HODGE, DR SANDRA HODGE AND ASSOCIATE PROFESSOR MARK HOLMES ROYAL ADELAIDE HOSPITAL AND HANSON INSTITUTE, ADELAIDE

INVESTIGATION OF THE STRUCTURE OF CRYPTOCOCCAL PHOSPHOLIPASES

THE CHATA ANN WOOLCOCK BIOMEDICAL AND MEDICAL POST-GRADUATE SCHOLARSHIP 2005

CRYPTOCOCCUS NEOFORMANS IS A MEDICALLY IMPORTANT FUNGUS WHICH CAUSES SERIOUS AND POTENTIALLY FATAL DISEASE MAINLY IN IMMUNOCOMPROMISED INDIVIDUALS. THESE INCLUDE PEOPLE SUFFERING FROM AIDS, TRANSPLANT RECIPIENTS AND PEOPLE UNDERGOING CHEMOTHERAPY AND OTHER THERAPIES THAT SUPPRESS THE IMMUNE SYSTEM.

In the United States, at least 5% to 10% of AIDS patients develop cryptococcal infection. The organism enters the human body by being inhaled into the lungs and it is here that it establishes a primary infection. The organism can then spread to other parts of the body, in particular the brain, where it causes meningitis (median mortality 17%).

Morbidity and mortality from invasive fungal infections has increased significantly in the past 20 years. Antifungal drugs currently used to combat infection are ineffective, toxic or expensive and resistance is an emerging problem. Progress in antifungal development has been slow and there is a need to develop new drugs which act against novel fungal targets. In *C. neoformans*, a potential target is an enzyme that the fungus secretes known as phospholipase B (PLB). This enzyme is important for allowing the organism to establish infection in humans. It helps the organism break down cell membranes and aids invasion into the lungs and other tissues. Very little is known about the structure of the PLB enzyme in this organism or any other fungus. The aim of this doctoral project is to find out how the PLB enzyme is constructed. Knowing more about the structure will help in the design of new drugs.

The primary focus of the research over the past year has been to determine what part of the PLB enzyme is important for binding to cellular lung components. To do this, a technique known as site-directed mutagenesis was employed. In simple terms, site-directed mutagenesis involves altering the DNA of the organism at certain points to cause changes to the enzyme structure. Three potential binding sites on the PLB enzyme were altered and the effects on the activity of the enzyme were determined by comparing mutated and "normal" PLB. It was found that all three potential binding sites targeted were important for the activity of PLB. This is an important finding, as drugs could be designed to block these critical binding sites on the enzyme and prevent PLB binding to human lung components.

The PLB enzyme also has many sugars attached to it, and it was discovered last year that a number of these sugars are important for the activity of the enzyme and for allowing the enzyme to be secreted out of the cell. Work this year has continued on investigating where these sugars are attached to PLB. To do this, pure PLB was analysed using mass spectrometry. Using this technique, a comparison was made between pure PLB and pure PLB which has had its sugars removed, so that the position on the enzyme where the sugars are bound could be identified. Results on this work will be known shortly.

The information obtained throughout this research will not only help in discovering how PLB is constructed, but will also provide valuable information that can be exploited in the design of new drugs. These drugs will be useful not only against *C. neoformans* but also other fungal pathogens, many of which also secrete PLB enzymes.

KYLIE TURNER CENTRE FOR INFECTIOUS DISEASES AND MICROBIOLOGY, WESTMEAD HOSPITAL; PHD CANDIDATE, DEPARTMENT OF MEDICINE, THE UNIVERSITY OF SYDNEY.



FIGURE 1 *C. neoformans* establishes infection in the lungs (left). It can then spread to the skin (middle) and brain (right).

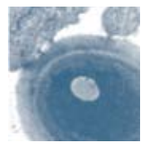


FIGURE 2 *C. neoformans* invading lung cells.

BOARD OF DIRECTORS

AMANDA CHRISTENSEN
DIP NURSING

NSW TB Program Manager 1997-; various positions in public health for sixteen years including tuberculosis control for ten years. Appointed to the Board in 2001.

DR GAVIN FROST
MBBS, MPH, FRACMA, FAFPHM

Chief Medical Officer, MBF Australia 1998-; in addition to his appointment at MBF, General Manager – Business Development, AusHealth International since July 2004; Censor-in-Chief, Royal Australasian College of Medical Administrators 1999-2005; Executive Director, Royal North Shore Hospital 1997-1998; Senior Adviser AIDS/ Communicable Diseases, Commonwealth Department of Health 1994-1996; Deputy Chief Health Officer, NSW Health 1990-1994. Appointed to the Board in 1980.

ROBERT HORSELL
CPA

Partner, R E Horsell & Co Public Accountants 1978-; Director, Cricket Australia 1997-2004; Chairman, Cricket NSW 1997-; Director, Bradman Foundation 1999-. Appointed to the Board in 1999; Finance Director.

ASSOCIATE PROFESSOR MICHAEL LEVY
MBBS, MPH, FAFPHM

Director, Centre for Health Research in Criminal Justice, Justice Health 2004-; Clinical Director, Population Health, NSW Corrections Health Service 1998-2004; conjoint appointments with the School of Public Health, University of Sydney and Monash University; World Health Organization 1995-1997; Convenor of the First National Tuberculosis Conference (Public Health Association of Australia), 1994. Short-term Consultant for Tuberculosis Control in Kiribati, Burma, Papua New Guinea, China and the Philippines. Appointed to the Board in 1998; Vice-President.

DAVID MACINTOSH
BBS (UTS), FCA

Chairman, Payce Consolidated Limited 1992-; Director, Payce Consolidated 1990-; Managing Director, Paynter Dixon 2001-; Director of numerous private companies; twenty-five years of senior management and director level in the transport and construction industries in Australia and Europe; Member of Board of Governors, Woolcock Institute of Medical Research; Member of the President's Council, The Royal Alexandra Hospital for Children, The Children's Hospital at Westmead; Director, The Australian Lung Foundation; Chairman, The Macintosh Foundation, Macintosh Chair of Paediatric Respiratory Medicine – Endowed Chair 29 November 2005 in perpetuity; actively involved in the Surf Life Saving movement for over thirty-nine years; Life Member and Vice-President, Long Reef Surf Life Saving Club Inc. Appointed to the Board in 1997; President.

PROFESSOR ROBYN RICHMOND
BA, MA, MHED, PHD

Professor of Community Medicine, School of Public Health and Community Medicine, University of New South Wales (UNSW) 2003-; Associate Professor, UNSW 1989-2003; principal investigator of a number of research projects designed to reduce smoking prevalence and excessive alcohol consumption in community settings and groups (general practice, hospital, workplace, prison, those with mental illness, and Indigenous people); Coordinator in Population Health for Years 4 and 5 medical students at UNSW; Coordinator of three courses in the Master of Public Health at UNSW; Deputy Chair and Chair, Tobacco Prevention Section, IUATLD 1994-2000; former Director, Healthy Lifestyle Centre, St Vincent's Hospital; former Director, Lifestyle Unit, Prince of Wales Hospital. Involved in developing and teaching in the new medical course at UNSW. Appointed to the Board in 1994.

PROFESSOR J PAUL SEALE
MBBS, PHD, FRACP, FRCP

Professor of Clinical Pharmacology, University of Sydney 1992-; Pro-Dean, Faculty of Medicine, University of Sydney 1997-2003; Consultant Physician, Royal Prince Alfred Hospital 1980-; Deputy Director, Woolcock Institute of Medical Research; Member, Australasian Society for Clinical and Experimental Pharmacologists and Toxicologists; Past President, Thoracic Society of Australia and New Zealand; former Congress President, Asia Pacific Society of Respirology; Member of TAG. Appointed to the Board in 1997; Vice-President.

FREDERICK SMITH
FCA

Chartered accountant since 1955; previous partner in large international accounting firm. Extensive experience as Director of public and private companies. Appointed to the Board in 1998.

CLINICAL ASSOCIATE PROFESSOR IVEN YOUNG
BSC (MED), MBBS, PHD, FRACP

Head, Department of Respiratory Medicine, Royal Prince Alfred Hospital (RPAH) 1991-; Visiting Medical Officer, RPAH 1979-1985; Senior Staff Specialist in Respiratory Medicine, RPAH 1985-; Post Doctoral Fellow, University of California, San Diego 1976-1978; Research Fellow, University of Sydney 1974-1976; Respiratory Physician 1975-; Member, Thoracic Society of Australia and New Zealand; Member, American Thoracic Society; Senior Examiner, Australian Medical Council 1997-; elected to the Adult Medicine Division, Royal Australasian College of Physicians 2000-2001; Chairman, Division of Medicine, RPAH 2001-. Appointed to the Board in 1998. Elected Life Governor of CHATA in 2003.

BRUCE RAMAGE
BSC, BA (HONS) (SYD)

Company secretary and executive officer. Joined CHATA in 2001 after more than twenty years' experience in university administration.

SUBCOMMITTEES

RESEARCH COMMITTEE

PROFESSOR CAROL ARMOUR
Professor of Pharmacy, University of Sydney

ASSOCIATE PROFESSOR PETER GIBSON
Staff Specialist, Respiratory Medicine Unit
John Hunter Hospital

ASSOCIATE PROFESSOR MICHAEL LEVY
Director, Centre for Health Research in Criminal Justice
Justice Health; Chair CHATA projects committee

DAVID MACINTOSH
Chairman, Payce Consolidated
CHATA President (ex officio)

ASSOCIATE PROFESSOR IVEN YOUNG (CHAIR)
Head, Department of Respiratory Medicine
Royal Prince Alfred Hospital

PROJECTS COMMITTEE

DR COLIN BUTLER
Research Fellow in Epidemiology, National Centre
for Epidemiology and Population Health, Canberra

DR VICKI KRAUSE
Director, Centre for Disease Control
Northern Territory Health Services

ASSOCIATE PROFESSOR MICHAEL LEVY (CHAIR)
Director, Centre for Health Research in Criminal Justice
Justice Health

DAVID MACINTOSH
Chairman, Payce Consolidated
CHATA President (ex officio)

DR GRAEME MAGUIRE
Adult Specialist Community Physician, Kimberly Health
Region, WA Department of Health; Research Fellow,
Menzies School of Health Research, Darwin

PROFESSOR ROBYN RICHMOND
Professor of Community Medicine, University of NSW

ASSOCIATE PROFESSOR JAN RITCHIE
School of Public Health & Community Medicine
University of NSW

SHEILA SIMPSON
TB Nurse, Liverpool Health Service

PROFESSOR RICHARD TAYLOR
School of Public Health, University of Queensland

DR JUSTIN WARING
Consultant Physician, Respiratory and Tuberculosis
Medicine, Perth Chest Clinic and Royal Perth Hospital

CONCISE FINANCIAL REPORT

DIRECTORS' REPORT

The directors present their report together with the financial report of Community Health and Tuberculosis Australia for the year ended 30 June 2005 and the auditors' report thereon.

DIRECTORS The directors at any time during or since the end of the financial year are: Amanda Julie Christensen, Stephanie Ann Fahey, Gavin Walter Frost, Robert Eric Horsell, Michael Herbert Levy, David Hugh Macintosh, Noel Desmond Martin AM, Robyn Lesley Richmond, John Paul Seale, Frederick Charles Samuel Smith, Iven Hunter Young

COMPANY PARTICULARS Community Health and Tuberculosis Australia, incorporated and domiciled in Australia, is a public company limited by guarantee. The address of the registered office is: Suite 2, 2 Norwich Road, Rose Bay NSW 2029

COMPANY SECRETARY Bruce Ramage was appointed to the position of company secretary in 2001 after more than twenty years experience in university administration.

PRINCIPAL ACTIVITY The principal activity of the company during the financial year was the provision of grants for health research and related activities.

There was no significant change in the nature of this activity during the financial year.

REVIEW AND RESULTS OF OPERATIONS The company continued to engage in its principal activity during the financial year. The net profit of the company for the year ended 30 June 2005 was $23,939 (2004 loss: $71,843).

DIVIDENDS The directors do not recommend the payment of a dividend. No dividends have been paid or declared since the end of the previous year and no dividends were previously recommended.

STATE OF AFFAIRS No significant changes in the state of affairs of the company occurred during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE For reporting periods beginning on or after 1 July 2005, the company must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 6 to the financial statements.

At its July 2005 meeting, the board resolved to earmark $1 million from general funds for special, approved projects to improve respiratory health.

Other than matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company to significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS The company will continue to pursue its principal activities at a surplus. It is not expected that the results in future years will be adversely affected by the continuation of these operations.

Further disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS The company's operations are not subject to any significant environmental regulations under Australian Law.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

INDEMNIFICATION Since the end of the previous financial year, the company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the company.

INSURANCE PREMIUMS During the financial year the company has paid premiums in respect of directors' and officers' liability insurance contracts for the year ended 30 June 2005 and since the financial year, the company has paid or agreed to pay on behalf of the company, premiums in respect of such insurance contracts for the year ending 30 June 2006. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the company.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contracts.

PARTICULARS OF DIRECTORS

AMANDA CHRISTENSEN
Dip Nursing. Appointed to the Board on 22 February 2001.
Interest In Contracts: Nil

PROFESSOR STEPHANIE FAHEY (RESIGNED MARCH 2005)
BA (Hons) PhD. Appointed to the Board on 26 April 2001.
Interest In Contracts: Nil

DR GAVIN FROST
MBBS MPH FRACMA FAFPHM. Appointed to the Board in 1980.
Interest In Contracts: Nil

ROBERT HORSELL
CPA. Appointed to the Board on 24 June 1999. Finance Director.
Interest In Contracts: Nil

ASSOCIATE PROFESSOR MICHAEL LEVY
MBBS MPH FAFPHM. Appointed to the Board on 21 May 1998. Vice-President.
Interest In Contracts: Nil

DAVID MACINTOSH
BBS (UTS) FCA. Appointed to the Board on 19 June 1997. President.
Interest In Contracts: Nil

EMERITUS PROFESSOR NOEL MARTIN (RESIGNED SEPTEMBER 2005)
AM MDS FACD FRACD FAPHA FICD AJAOP FRAH (Ire) FRSM (Eng). Appointed to the Board in 1961. Life Governor.
Interest In Contracts: Nil

PROFESSOR ROBYN RICHMOND
BA MA MHEd PhD. Appointed to the Board in 1994.
Interest In Contracts: Nil

PROFESSOR J PAUL SEALE
MBBS PhD FRACP FRCP. Appointed to the Board on 19 June 1997. Vice-President.
Interest In Contracts: Nil

FREDERICK SMITH
FCA. Appointed to the Board on 3 September 1998.
Interest In Contracts: Nil

ASSOCIATE PROFESSOR IVEN YOUNG
BSc(Med) MBBS PhD FRACP. Appointed to the Board on 6 August 1998.
Interest In Contracts: Nil

DIRECTORS' MEETINGS

The number of directors' meetings held during the financial year and the number of meetings attended by each director were:

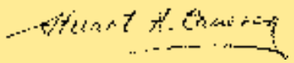
	Number Attended	Held While in Office
Amanda Christensen	6	6
Stephanie Fahey	3	5
Gavin Frost	3	6
Robert Horsell	6	6
Michael Levy	4	6
David Macintosh	6	6
Noel Martin	4	6
Robyn Richmond	3	6
J Paul Seale	5	6
Frederick Smith	4	6
Iven Young	3	6

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

To the directors of Community Health and Tuberculosis Australia:

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial year ended 30 June 2005 there have been:

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



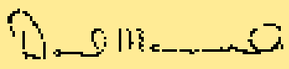
Stuart H Cameron
Partner

Sydney, 19 September 2005

Nexia Court & Co
Chartered Accountants

Level 29 Tower Building Australia Square
264 George Street Sydney NSW 2000
Telephone 02 9251 4600

Signed in accordance with a resolution of the directors:



David H Macintosh
Director

Sydney, 19 September 2005

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY HEALTH AND TUBERCULOSIS AUSTRALIA

SCOPE

THE FINANCIAL REPORT AND DIRECTORS' RESPONSIBILITY The concise financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 8 and the accompanying discussion and analysis on the statement of financial performance, statement of financial position, and statement of cash flows, (set out on pages 27 to 35), for Community Health and Tuberculosis Australia (the "company"), for the year ended 30 June 2005.

The directors of the company are responsible for the preparation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 "Concise Financial Reports". This includes responsibility for the maintenance of adequate accounting records and internal records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

AUDIT APPROACH We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. We have also performed an independent audit of the full financial report of the company for the year ended 30 June 2005. Our audit report on the full financial report was signed on 19 September 2005, and was not subject to any qualification.

We performed procedures in respect of the audit of the concise financial report to assess whether, in all material respects, the concise financial report is presented fairly, in accordance with Australian Accounting Standard AASB 1039 "Concise Financial Reports".

We formed our audit opinion on the basis of these procedures, which included:

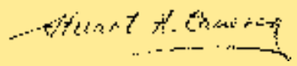
- testing that the information in the concise financial report is consistent with the full financial report; and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures, which were not directly derived from the full financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION In our opinion, the concise financial report of Community Health and Tuberculosis Australia for the year ended 30 June 2005 complies with Australian Accounting Standard AASB 1039 "Concise Financial Reports".

Nexia Court & Co
Chartered Accountants



Stuart H Cameron
Partner

Sydney, 19 September 2005

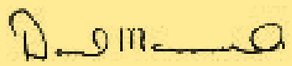
DIRECTORS' DECLARATION

In the opinion of the directors of Community Health and Tuberculosis Australia the accompanying concise financial report for the year ended 30 June 2005, set out on pages 27 to 35:

(a) has been derived from or is consistent with the full financial report for the financial year; and

(b) complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Signed in accordance with a resolution of the directors:



David H Macintosh
Director

Sydney, 19 September 2005

ABOUT THE CONCISE FINANCIAL REPORT

The financial statements and disclosures in the concise financial report on pages 27 to 35 have been derived from Community Health and Tuberculosis Australia full financial report for the year ended 30 June 2005. A more comprehensive understanding of Community Health and Tuberculosis Australia, financial performance, financial position and financing and investing activities, than the concise report is able to provide, is given in the full financial report.

A copy of the full financial report, including the Independent Auditor's Report on the full financial report, is available and will be sent to any member without charge on request by telephoning 02 9371 7952.

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

This discussion and analysis is provided to assist readers in understanding the concise financial report. The concise financial report has been derived from the full 2005 financial report of Community Health and Tuberculosis Australia.

STATEMENT OF FINANCIAL PERFORMANCE The profit of $23,939 from ordinary activities after tax was up on the 2004 result by $95,782. This result is mainly due to the factors explained below.

Total revenue increased by $960,078, the main factors being:

- Fund distributions from investments increased by $111,395, from $134,758 to $246,153.
- Proceeds on sale of investments increased by $872,112, from $1,708,058 to $2,580,170.

Total expenses increased by $864,296, the main factors being:

- Cost of investments sold during the year increased by $844,415, from $1,715,177 to $2,559,592.

STATEMENT OF FINANCIAL POSITION Total assets increased by $229,781 during 2005 to $7,159,946. This was mainly due to the increase in cash assets and other financial assets. Total liabilities increased by $9,419 as a result of an increase in payables.

STATEMENT OF CASH FLOWS The overall $176,888 increase in net cash flows during the year was mainly due to proceeds from sale of investments.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 $	2004 $
Total revenue from ordinary activities	2	3,225,971	2,265,893
Total revenue	2	3,225,971	2,265,893
Depreciation	3	(9,300)	(9,755)
Research grants, fellowships and scholarships	3	(155,987)	(148,703)
Salaries and employee benefits expenses		(161,383)	(187,077)
Investment expenses		(21,543)	(21,744)
Consultancy fees		(85,972)	(43,309)
Cost of investments sold during the year		(2,559,592)	(1,715,177)
Other expenses		(208,255)	(211,971)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE RELATED INCOME TAX EXPENSE		23,939	(71,843)
Income tax expense relating to ordinary activities		-	-
NET PROFIT/(LOSS)	5	23,939	(71,843)
Non-owner transaction changes in equity			
Increase in asset revaluation reserve	4	196,423	482,511
TOTAL CHANGES IN EQUITY FROM NON-OWNER RELATED TRANSACTIONS		220,362	410,668

The accompanying notes form part of these financials statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	2005 $	2004 $
CURRENT ASSETS			
Cash assets		942,689	765,801
Receivables		18,222	50,622
Other assets		6,295	7,667
Other financial assets		-	50,845
TOTAL CURRENT ASSETS		967,206	874,935
NON-CURRENT ASSETS			
Other assets		20,115	20,115
Other financial assets		6,156,120	6,019,642
Property, plant and equipment		16,505	15,473
TOTAL NON-CURRENT ASSETS		6,192,740	6,055,230
TOTAL ASSETS		7,159,946	6,930,165
CURRENT LIABILITIES			
Payables		76,050	63,607
Provisions		6,968	9,992
TOTAL CURRENT LIABILITIES		83,018	73,599
TOTAL LIABILITIES		83,018	73,599
NET ASSETS		7,076,928	6,856,566
EQUITY			
Reserves	4	3,665,335	3,468,912
Retained profits	5	3,411,593	3,387,654
TOTAL EQUITY		7,076,928	6,856,566

The accompanying notes form part of these financials statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	2005 $	2004 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Distributions received	246,153	134,758
Cash receipts in the course of operations	351,987	361,115
Cash payments in the course of operations	(622,349)	(695,837)
Dividends received	15,325	9,935
Refund of imputation credits	23,160	40,321
Interest received	41,576	25,985
Net Cash Provided by/(Used in) Operating Activities	55,852	(123,723)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(10,332)	(2,030)
Payment of development application	-	(20,115)
Payment for investments	(2,499,647)	(1,972,323)
Proceeds from sale of investments	2,631,015	1,860,259
Net Cash Provided by/(Used in) Investing Activities	121,036	(134,209)
NET INCREASE/(DECREASE) IN CASH HELD	176,888	(257,932)
Cash at the beginning of the Financial Year	765,801	1,023,733
CASH AT THE END OF THE FINANCIAL YEAR	942,689	765,801

The accompanying notes form part of these financials statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 "Concise Financial Reports" and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the company's full financial report for the financial year. Other information included in the concise financial report is consistent with the company's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by the company and, except where there is a change in accounting policy, are consistent with those of the previous year.

A full description of the accounting policies adopted by the company may be found in the company's full financial report.

2. REVENUE FROM ORDINARY ACTIVITIES

	2005 $	2004 $
REVENUES FROM OPERATING ACTIVITIES		
Rent received	215,562	198,219
Fund distributions from investments	246,153	134,758
Proceeds on sale of investments	2,580,170	1,708,058
Dividends received	15,325	9,935
Interest revenue	41,576	34,731
Legacies and donations	2,000	11,130
Appeals	95,745	111,573
Refund of imputation credits	23,160	40,321
CHATA membership fees	3,364	3,474
Sundry income received	2,916	13,694
TOTAL REVENUE FROM ORDINARY ACTIVITIES	3,225,971	2,265,893

3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

Profit/(Loss) from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:

	2005 $	2004 $
Rent received	(215,562)	(198,219)
Depreciation of property, plant and equipment	9,300	9,755
Research grants, fellowships and scholarships	155,987	148,703
Net (gain)/loss on disposal of investments	(20,578)	7,119
Interest received	(41,576)	(34,731)
Dividends received	(15,325)	(9,935)
Transfer to provision for: - Employee benefits	(3,024)	5,430

4. RESERVES

	2005 $	2004 $
Capital profits	2,411,980	2,411,980
Asset revaluation	1,253,355	1,056,932
	3,665,335	3,468,912

NATURE AND PURPOSE OF RESERVES

	2005 $	2004 $
(A) CAPITAL PROFITS		
Nature and purpose of reserve The capital profits reserve is used to accumulate realised capital profits.		
Movements in reserve		
Balance at end of year	2,411,980	2,411,980

(B) ASSET REVALUATION		
Nature and purpose of reserve The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.		
Movements in reserve		
Balance at beginning of year	1,056,932	574,421
Valuation increments on revaluation of investments	196,423	482,511
Balance at end of year	1,253,355	1,056,932

5. RETAINED PROFITS

Retained profits at the beginning of the year	3,387,654	3,459,497
Net profit/(loss)	23,939	(71,843)
Retained profits at the end of the year	3,411,593	3,387,654

6. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, the company must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ended 30 June 2005.

TRANSITION MANAGEMENT The board will establish a formal implementation project, monitored by a steering committee, to assess the impact of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005.

The project is achieving its scheduled milestones and the company is expected to be in a position to fully comply with the requirements of AIFRS for the 30 June 2006 financial year.

ASSESSMENT AND PLANNING PHASE The assessment and planning phase aims to produce a high level overview of the impacts of conversion to IFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff. This phase includes:

- high level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS;
- assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes;
- evaluation of the implications for staff, for example training requirements; and
- preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems, accounting and business processes and staff training.

DESIGN PHASE The design phase will formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS. The design phase will incorporate:

- formulating revised accounting policies and procedures for compliance with IFRS requirements;
- identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of IFRS;
- developing revised IFRS disclosures;
- designing accounting and business processes to support IFRS reporting obligations;
- identifying and planning required changes to financial reporting and business source systems; and
- developing training programs for staff.

IMPLEMENTATION PHASE The implementation phase includes implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff and enables the company to generate the required reconciliations and disclosures of AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards.*

IMPACT OF TRANSITION TO AIFRS The impact of transition to AIFRS, including the transitional adjustments disclosed in the reconciliations from current Australian GAAP to AIFRS, and the selection and application of AIFRS accounting policies, are based on AIFRS standards that management expect to be in place. Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the company's financial position, results of operations and cash flows in accordance with AIFRS.

This note provides only a summary, therefore, further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS. There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian GAAP to AIFRS, consequently the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the reconciliations provided in this note.

Revisions to the selection and application of the AIFRS accounting policies may be required as a result of:

- changes in financial reporting requirements that are relevant to the company's first complete AIFRS financial report arising from new or revised accounting standards or interpretations issued by the Australian Accounting Standards Board subsequent to the preparation of the 30 June 2005 financial report;
- additional guidance on the application of AIFRS in a particular industry or to a particular transaction; and
- changes to the company's operations.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects management's current assessment of the likely outcome of those deliberations. The uncertainty relating to the accounting guidance is disclosed in the relevant accounting policy note and where practicable, the expected impact of the alternative interpretation is also disclosed.

The rules for first time adoption of AIFRS are set out in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards.* In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date, being 1 July 2004. The Standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS. The accounting policies note includes details of the AASB 1 elections adopted.

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB 1 are set out below:

(a) Reclassification AASB 101 prohibits the presentation of items of income or expense as extraordinary. The nature and amount of material items will be disclosed separately in the notes to the financial statements. Non-current assets classified as held for sale will be presented separately from other assets and liabilities on the balance sheet. A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather then through continuing use, the asset is available for immediate sale in its current condition, and its salze is highly probable.

(b) Property, plant and equipment Property, plant and equipment will continue to be measured at cost under AIFRS, as under current Australian GAAP.

(c) Investment property Under AIFRS investment property will be recognised at fair value whereas under current Australian GAAP, investment property was measured on a cost basis. The expected effect of the above is to increase investment property by $1,127,972 at 1 July 2004, by $1,127,972 at 30 June 2005 and to increase other income by $1,127,972 for the financial year ended 30 June 2004.

(d) Revenue Under AIFRS the gain or loss on the disposals of property, plant and equipment will be recognised on a net basis as gain or loss, rather than separately recognising the consideration received as revenue under current Australian GAAP.

(e) Impairment Under current Australian GAAP the carrying amounts of non-current assets valued on a cost basis are reviewed at reporting date to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds its recoverable amount the asset is written down to the lower amount, with the write-down recognised in the income statement in the period in which it occurs.

SUMMARY OF TRANSITIONAL ADJUSTMENTS

RECONCILIATION OF EQUITY

	Note	AGAAP	The Company 1.7.2004 Transition impact	AIFRS	AGAAP	The Company 30.6.2005 Transition impact	AIFRS
		$	$	$	$	$	$
ASSETS							
CURRENT ASSETS							
Cash assets		765,801	–	765,801	942,689	–	942,689
Receivables		50,622	–	50,622	18,222	–	18,222
Other assets		7,667	–	7,667	6,295	–	6,295
Other financial assets		50,845	–	50,845	–	–	
TOTAL CURRENT ASSETS		874,935	–	874,935	967,206	–	967,206
NON-CURRENT ASSETS							
Other assets		20,115	–	20,115	20,115	–	20,115
Other financial assets		3,747,614	–	3,747,614	3,884,092	–	3,884,092
Investment property	c	2,272,028	1,127,972	3,400,00	2,272,028	1,127,972	3,400,000
Property, plant and equipment		15,473	–	15,473	16,505	–	16,505
TOTAL NON-CURRENT ASSETS		6,055,230	1,127,972	7,183,202	6,192,740	1,127,972	7,320,712
TOTAL ASSETS		6,930,165	1,127,972	8,058,137	7,159,946	1,127,972	8,287,918
LIABILITIES							
CURRENT LIABILITIES							
Payables		63,607	–	63,607	76,050	–	76,050
Provisions		9,992	–	9,992	6,968	–	6,968
TOTAL CURRENT LIABILITIES		73,599	–	73,599	83,018	–	83,018
TOTAL LIABILITIES		73,599	–	73,599	83,018	–	83,018
NET ASSETS		6,856,566	1,127,972	7,984,538	7,076,928	1,127,972	8,204,900
EQUITY							
Reserves		3,468,912	–	3,468,912	3,665,335	–	3,665,335
Retained profits		3,387,654	1,127,972	4,515,626	3,411,593	1,127,972	4,539,565
TOTAL EQUITY		6,856,566	1,127,972	7,984,538	7,076,928	1,127,972	8,204,900

RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	Note	AGAAP	Company transition impact Year ended 30.6.2005	AIFRS
		$	$	$
PROFIT BEFORE INCOME TAX EXPENSE		23,939	–	23,939
Income tax expense		–	–	–
PROFIT FOR THE PERIOD		23,939	–	23,939

(f) Summary of impact of transition to AIFRS on retained earnings

The impact of the transition to AIFRS on retained earnings as at 1 July 2004 is summarised below:

	Note	$
Retained earnings as at 1 July 2004 under AGAAP		3,387,654
AIFRS reconciliation:		
- measurement of investment property at fair value	c	1,127,972
Retained earnings as at 1 July 2004 under AIFRS		4,515,626

7. EVENTS SUBSEQUENT TO BALANCE DATE

For reporting periods beginning on or after 1 January 2005 the company must comply with *Australian equivalents to International Financial Reporting Standards* (AIFRS) as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 6 to the financial statements.

8. INFORMATION AND DECLARATIONS TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991, SECTION 23.

(A) DETAILS OF AGGREGATE GROSS INCOME AND TOTAL EXPENSES OF FUNDRAISING APPEALS

	2005 $	2004 $
Gross proceeds from fundraising appeals	95,745	111,573
Other income	3,130,226	2,154,320
Total income	3,225,971	2,265,893
Less:		
Total direct costs of fundraising	47,088	46,995
Other expenses	3,154,944	2,290,741
Total expenses	3,202,032	2,337,736
Net result from fundraising activities and operations	23,939	(71,843)
Net surplus from fundraising activities	48,657	64,578

(B) STATEMENT SHOWING HOW FUNDS RECEIVED WERE APPLIED TO CHARITABLE PURPOSES

This surplus is used for research grants, fellowships and scholarships.

(C) FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD

Appeals only.

(D) COMPARISONS

	2005 $	2004 $
Total cost of fundraising/gross income from fundraising	49%	42%
Net surplus from fundraising/gross income from fundraising	51%	58%
Total cost of services/total expenditure	5%	6%
Total cost of services/total income received	5%	7%

SUMMARISED FINANCIAL REPORT

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	2005 $	2004 $
REVENUE		
Appeals, legacies and donations	97,745	122,703
Grants	-	-
Investment income	2,841,648	1,852,751
Interest received	41,576	34,731
Other income	245,002	255,708
Total Revenue	3,225,971	2,265,893
DISBURSEMENTS		
Overseas projects	69,799	68,341
Australian projects	155,987	148,703
Community education	-	-
Fundraising costs	47,088	46,995
Administration	2,929,158	2,073,697
Total Disbursements	3,202,032	2,337,736
EXCESS/(DEFICIT) OF REVENUE OVER DISBURSEMENTS	23,939	(71,843)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	2005 $	2004 $
CURRENT ASSETS		
Cash assets	942,689	765,801
Receivables	18,222	50,622
Other assets	6,295	7,667
Other financial assets	-	50,845
TOTAL CURRENT ASSETS	967,206	874,935
NON-CURRENT ASSETS		
Other assets	20,115	20,115
Other financial assets	6,156,120	6,019,642
Property, plant and equipment	16,505	15,473
TOTAL NON-CURRENT ASSETS	6,192,740	6,055,230
TOTAL ASSETS	7,159,946	6,930,165
CURRENT LIABILITIES		
Payables	76,050	63,607
Provisions	6,968	9,992
TOTAL CURRENT LIABILITIES	83,018	73,599
TOTAL LIABILITIES	83,018	73,599
NET ASSETS	7,076,928	6,856,566
EQUITY		
Reserves	3,665,335	3,468,912
Retained profits	3,411,593	3,387,654
TOTAL EQUITY	7,076,928	6,856,566

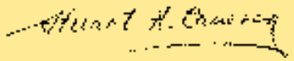
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY HEALTH AND TUBERCULOSIS AUSTRALIA

To the members of Community Health and Tuberculosis Australia:

SCOPE We have audited the summarised financial report consisting of the Statement of Financial Performance, Statement of Financial Position and Table of Cash Movements for Designated Purposes for the year ended 30 June 2005 in accordance with Australian Auditing Standards.

AUDIT OPINION In our opinion, the information reported in the summarised financial report is consistent with the annual statutory financial report from which it is derived and upon which we expressed an unqualified audit opinion in our report to the members dated 19 September 2005. For a better understanding of the scope of our audit this report should be read in conjunction with our audit report on the annual statutory financial report.

Nexia Court & Co
Chartered Accountants



Stuart H Cameron
Partner

Sydney, 19 September 2005

TABLE OF CASH MOVEMENTS FOR DESIGNATED PURPOSES FOR THE YEAR ENDED 30 JUNE 2005

The purpose of this table is to show funds raised, disbursed and remaining unspent for designated or specific purposes.

Total for	cash available at beginning of the year	cash raised during the year	cash disbursed during the year	cash available at end of the year	Comments
Australian research grants, fellowships and scholarships.	-	97,745	(155,987)	(58,242)	In the financial year 2004-2005 the Board allocated an amount for Australian research grants, fellowships and scholarships. The shortfall in the cash reserves is compensated by cash raised from investment activities.
International projects	-	-	(69,799)	(69,799)	At the commencement of each project, the Board provides an appropriate budget for its total duration. The 2004-2005 financial year budget for Project 2 was $15,000 and for Project 3 the budget in 2004-2005 was $35,000. The amount of $69,799 shown includes the relevant salary component for these projects.
Other purposes	765,801	3,211,471	(2,906,542)	1,070,730	
TOTAL	765,801	3,309,216	(3,132,328)	942,689	