



# Annual Report 2007

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**for:**

**International Diabetes Institute**

**250 Kooyong Road**

**Caulfield**

**Victoria 3162**

**[www.diabetes.com.au](http://www.diabetes.com.au)**

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## **Our Vision**

To find a cure for, or a means of preventing, diabetes and its complications and to provide care to meet the needs of those who have diabetes or are at risk.

## **Our Mission**

To excel as a leading national and international centre for diabetes research, education and clinical care.

## **Our Values**

Services provided by the Institute reflect our commitment to:

- a dedicated consumer focus
- integrity
- teamwork
- professional development
- leadership
- astute business orientation
- retention of highly qualified staff
- acknowledgement and promotion of corporate and individual excellence.



## **Report from the Professor Director**

2006-07 was a momentous year for IDI with the announcement of the proposed merger with the Baker Heart Research Institute. With the "marriage" of these two major international institutes, cardiovascular and diabetes research and care will receive a huge boost in Australia.

About four years ago I met over a quiet coffee with Professor Garry Jennings AM, Director of the Baker Heart Research Institute. I wanted to discuss the idea of a merger which would provide a powerhouse of heart and diabetes research and care. Professor Jennings was equally enthusiastic about the idea and the State Government even provided some funds for merger discussions. However, for a number of reasons the amalgamation did not eventuate at that time.

The next part of the story was that just on two years ago, Bayside Health indicated to us that IDI would have to find a new location as the land which we occupy is required for future development. After long lobbying sessions and discussions with the Victorian Government, a pre-election promise of \$5 million was made by the Bracks Government towards relocation of IDI to the Alfred Medical Research Precinct (AMREP). This offer was contingent on matching funds being found by the Federal Government and some funds from private donors.

We re-entered discussions with the Baker which, at the time this report was written, will be near finalisation. The aim is to merge to form a national heart and diabetes institute. In the May 2007 Federal Budget, 14 million dollars was allocated containing matching funds for the relocation of IDI and additional funds for a number of conjoint research projects with the Baker.

So in the next year 2007-2008, finalisation of arrangements for the merger will occur and building of three storeys above the Alfred Centre on the corner of Commercial and Punt Roads in Prahran will commence. IDI will be housed on one of those floors with completion due at the end of 2009. At that stage the Institute will move lock, stock and barrel to AMREP.

IDI will now be part of a world class heart and diabetes institution, our clients will have access to all the services provided by a large hospital such as the Alfred and all the different specialists and ancillary services. Our research team will be interfacing and collaborating with one of the strongest heart research teams in the world and the Baker, already strong in diabetes research, will see the IDI's research combine with the Baker's as yet another world class diabetes facility.



The merger has not been without pain and it has not been possible without the hard work of a number of individuals. The merger has seen a change necessary in the IDI Board structure. There will be a reduction in the size of the IDI Board and three Baker representatives will join.

I want to thank particularly our President, Mr John Rashleigh; Vice-President, Dr David Thurin; Treasurer Mr Ron Wilson, immediate past-President The Hon. Neil Batt AO and each of the other Board members: Mrs Rita Theophanous, Ms Joanne Wilkinson, Professor Robert Atkins AM, Mr Ian Davis, Mr David Gilmour, Mr Neil Hewitt OAM, Mr Tom Krulis, Ms Genevieve Overell, Mr Jeffrey Swingler and Ms Helen Maxwell-Wright. Being a Director can be a thankless task and their commitment to IDI has been strong and unswerving. Special thanks go to Rita and her husband, the Hon. Theo Theophanous for their advice and support in attracting the State Government support.

A merger of this nature requires very detailed examination of many documents, the Directors have legal and fiduciary responsibilities as Directors and it has been a very long and intensive process. My deepest thanks to them all. I would also like to thank the IDI management team who have worked very hard on all aspects of the IDI activities and the merger.

Particular features of the year were the fact that Professor Jonathan Shaw received the 2006 Global Novartis Award for a Junior Investigator in Diabetes. The IDI was further recognised with me being honoured in receiving the 2007 Novartis Award for Longstanding Achievements in Diabetes. This was a rather unique recognition of the "punching power" of IDI on the international scene.

**Paul Zimmet AO FTSE  
Professor Director & Head**



## Report from the Managing Director

This year is one that will be remembered by all of us associated with the Institute. For many staff and patients it was a year of 'business as usual'. We continued to provide important services for people with diabetes and their families and carers – clinical care, education and allied health including group programs and individual consultations. Our AusDiab, Clinical Research and Epi teams analysed more data, wrote papers, and saw trial participants. For finance, IT, fundraising and business development business as usual meant processing, analysing, reporting and program delivery.

Our volunteers and donors continued their magnificent support of the organisation.

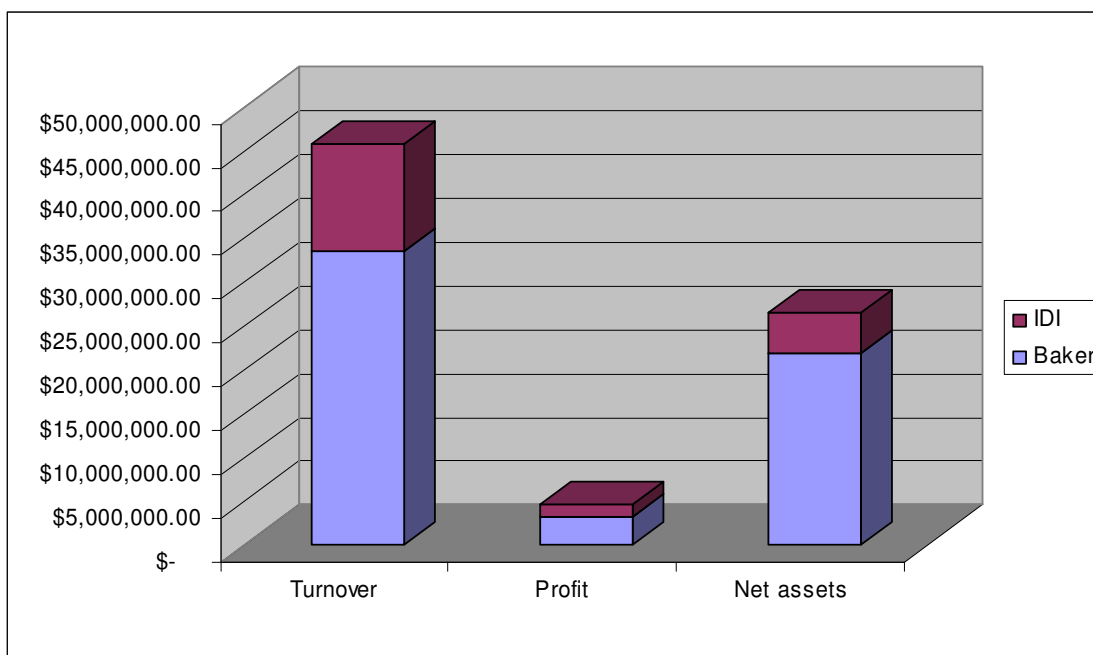
Behind the scenes however the board and management team worked hard on the proposed relocation of the Institute and the merger with the Baker Heart Research Institute as you have read in the report from the President and Professor Director. The injection of funds provided by the state and federal governments and supplementary monies to be raised from private donors combine to make this a \$29 million project that will create a new institute that has the platforms and technologies able to make a difference in the areas of obesity, diabetes and cardiovascular disease.

IDI's vision to find a cure for, or a means of preventing diabetes and its complications and to provide care to meet the needs of those who have diabetes or are at risk will be retained in the new entity and complemented by that of the Baker to reduce death and disability from heart disease and to achieve this through activities ranging from research at the laboratory bench to patient trial and patient care.

Initially, and probably from November 2007 we will operate within a collegiate structure taking time to build critical mass in management and governance without destabilising the strengths of existing separate institutes. By December 2008 a fully merged entity under a new Act or Constitution will be formed, with discrete but linked programs of activity in diabetes and cardiovascular disease ranging from basic science through to clinical service and public health initiatives.

The trend towards consolidation and growth amongst the medical research institutes in Australia is now well established; both institutes would have risked falling behind unless more than incremental growth was achieved. The creation of the new entity achieves the critical mass sufficient to make a difference in these important national health priority areas and to thus be visible and relevant to governments and donors.

The new entity will be stronger and larger with a combined turnover approaching \$46 million and net assets close to \$30 million as shown in the graph overleaf.



As we have journeyed together in the past year in this challenging and exciting time we have been buoyed by the support of the state and federal governments. Particular thanks to our President John Rashleigh and the Board who have been supportive of the merger and very engaged with the process. Thanks too to the management committee for willingly absorbing the extra workload and for being excited by the vision. The stresses of change of this magnitude can be hard on an organisation particularly when it happens as quickly as this change has. My thanks to all staff for keeping their focus on patients and service delivery.

During the course of this year we farewelled several members of our management team. Dr Matt Cohen, who stepped down as Director of Medical Services remains a consultant physician at the Institute. Matt has been a long standing member of the management committee and a valued contributor in debate on matters ranging from clinical to financial and fundraising. Thank you Matt for your dedication to the Institute. Virginia Hagger resigned as Director of Educational Services. Virginia had more than 10 years service and her leadership of the allied health team was very much appreciated and valued by patients and staff. Virginia's resignation led to a restructuring of the medical and clinical divisions and this is detailed later on in this report. Gary Layton, Director of Business Development resigned after 5 years leadership of the division which saw structural change and profitable outcomes for this important area. Serhat Abdurazak also left the Institute after only one year as Director of Fundraising and we thank him for the time he spent with us and for his review of the operational management of the fundraising area.



The new management team includes Dr Neale Cohen, John Boyle and Rosie Hogan, all of whom have quickly established themselves as worthy leaders of their teams and great contributors around the management table.

2008 will be another hectic year as we work towards the full merger. Our relocation to AMREP will probably not occur until early 2010 when the new Alfred Centre Stage 2 will be complete. We look forward to getting to know our colleagues at the Baker and to working together to achieve the vision.

**H Maxwell-Wright FAICD**  
**Managing Director**





## **Corporate and Organisational Structure**

### **Board of Directors**

Mr John Rashleigh – President  
Professor Robert Atkins AM  
The Hon Neil Batt AO  
Mr Ian Davis  
Mr David Gilmour  
Mr H Neil Hewitt OAM  
Mr Tom Krulis  
Ms Helen Maxwell-Wright  
Ms Genevieve Overell  
Mr Jeffrey Swingler  
Ms Margarita Theophanous  
Dr David Thurin  
Dr Joanne Wilkinson  
Professor Paul Zimmet AO

### **Auditors**

HLB Mann Judd

### **Solicitors**

Deacons

### **Senior Staff**

#### **Professor/Director**

Professor Paul Zimmet AO FTSE MB BS, MD, PhD, FRACP, FRCP (UK), FACN, FACE, FAFPHM, Hon Doctoris Causa (Complutense University, Madrid)

#### **Managing Director**

Ms Helen Maxwell-Wright FAICD

#### **Deputy Director & Director Research**

Associate Professor Jonathan Shaw

#### **Director Business Development**

Ms Rosie Hogan

#### **Director Medical Services**

Dr Matt Cohen

#### **Director Education**

Ms Virginia Hagger

#### **Director Fundraising, Marketing and Communications**

Mr John Boyle

#### **Director Genetics Research**

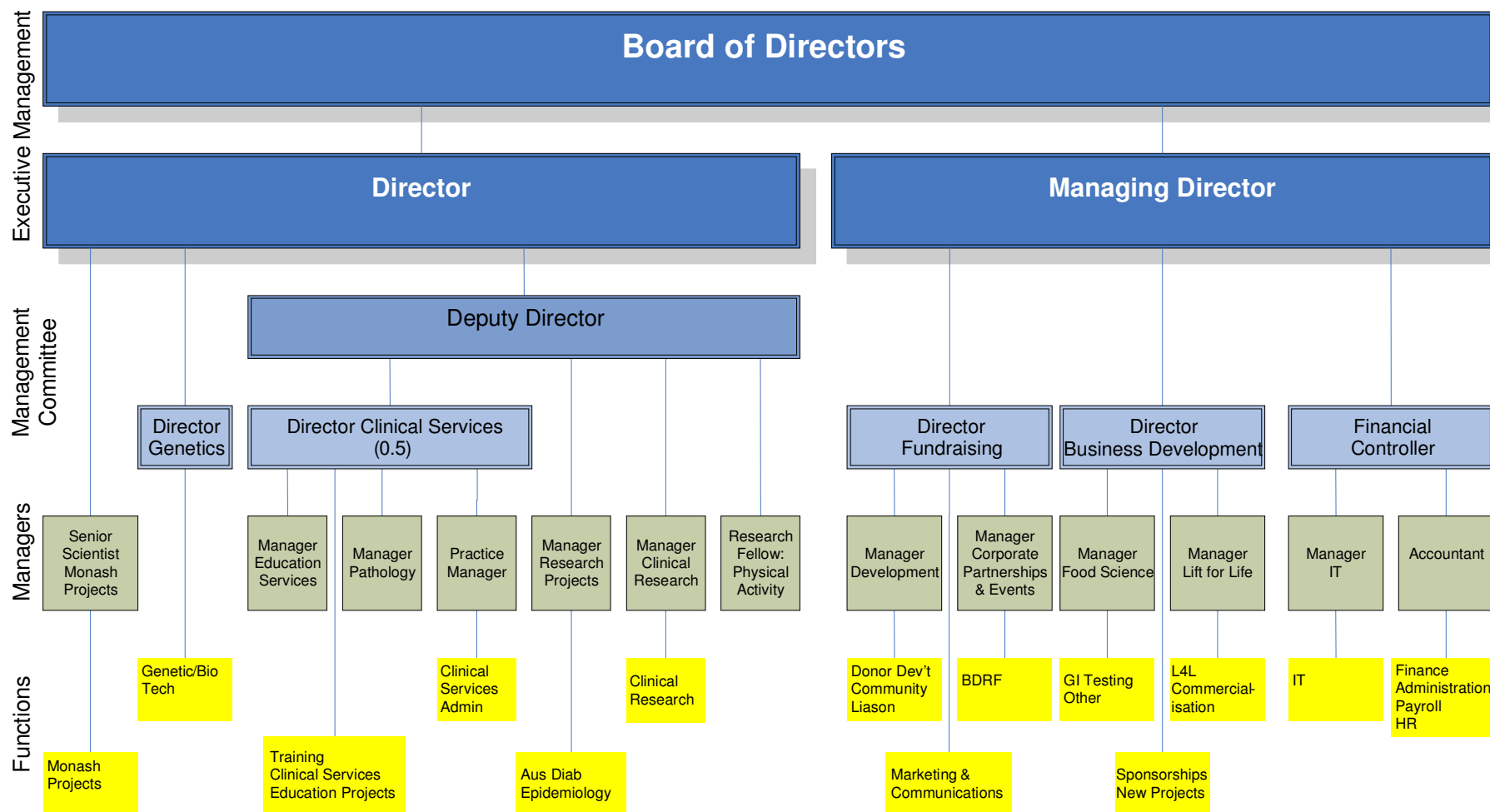
Dr Jeremy Jowett

#### **Financial Controller**

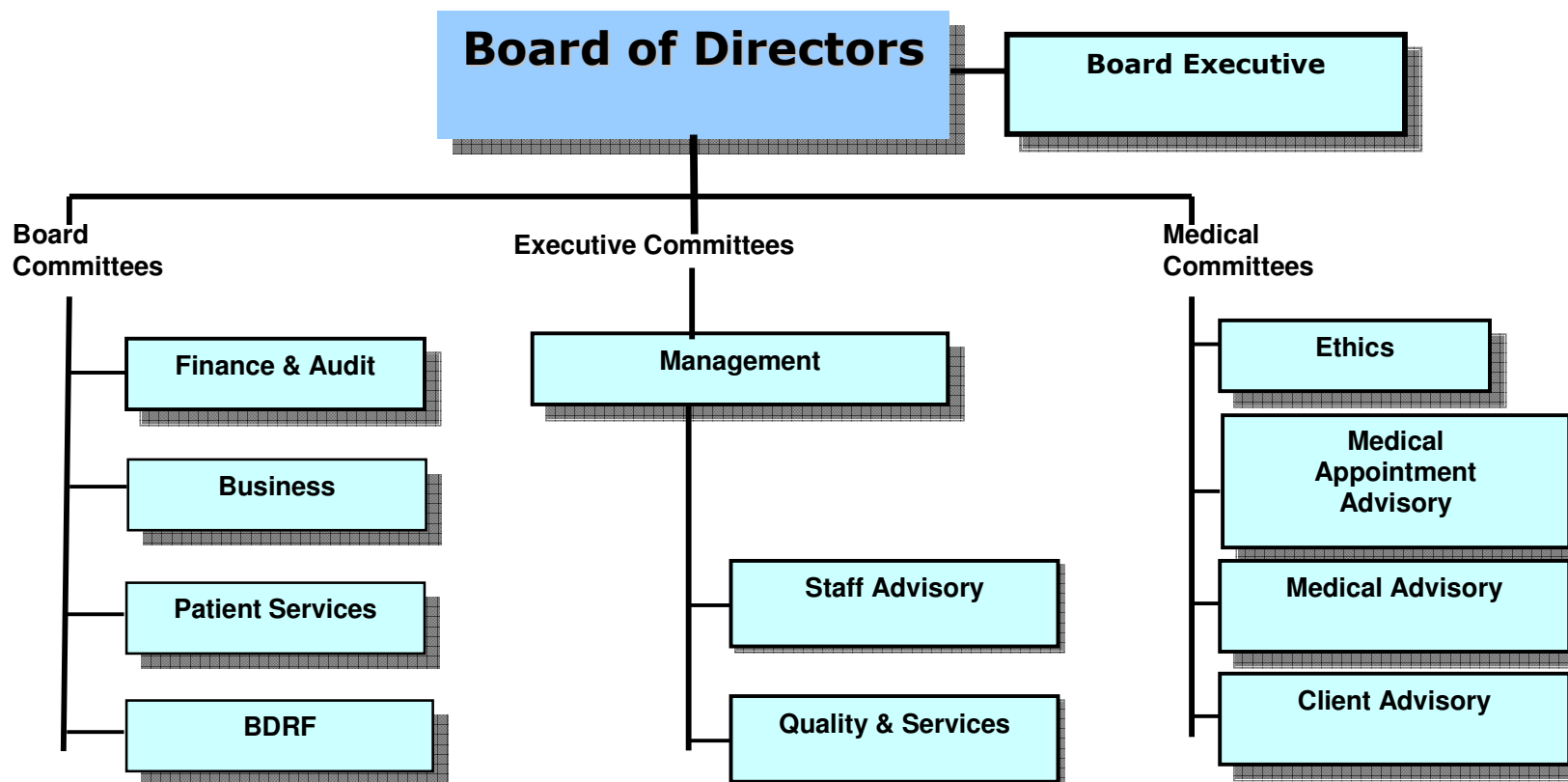
Mr Noel Jacobs



## Organisational Chart 2007



# Committee Structure





## Attendance at Directors' meetings July 2006– June 2007

	DIRECTORS' MEETINGS		FINANCE & AUDIT COMMITTEE	
	No of Meetings Held *	No of Meetings attended	No of Meetings Held *	No of Meetings attended
	7	4		
Hon Neil Batt AO	7	7	12	12
Mr Ian Davis	7	5		
Mr David Gilmour	7	6		
Mr H Neil Hewitt OAM	7	4	5	2
Mr Tom Krulis	7	0		
Ms Helen Maxwell Wright	7	7	12	12
Ms Sue Nattrass AO	1	0		
Ms Genevieve Overell	7	4		
Mr John Rashleigh	7	6	12	11
Mr Jeffrey Swingler	7	5		
Mrs Margarita Theophanous	7	3		
Dr David Thurin	7	6	7	5
Dr Joanne Wilkinson	7	6		
Mr Ronald Wilson	4	3	7	7
Professor Paul Zimmet AO	7	6	12	8

*\*Reflects the number of meetings held for the duration of the Director's period of office which they were eligible to attend*



## Departmental Reports

### Epidemiology

#### The Team

Professor Paul Zimmet AO  
Associate Professor Jonathan Shaw  
Ms Liz Barr  
Professor Ed Boyko  
Mr Adrian Cameron  
Associate Professor David Dunstan  
Ms Sue Fournel  
Professor Sung-Rae Kim  
Dr Dianna Magliano  
Ms Shirley Murray  
Dr Richard Sicree  
Dr Ravi Singh  
Professor Stefan Soderberg  
Associate Professor Tien Wong

The AusDiab study remains the single most important project for the Epidemiology Department. The first phase of this national study of 11,247 adults took place in 1999-2000, and a follow-up of the participants was conducted in 2004-05. Analyses of the study findings, and publications in major international scientific journals continue to provide essential information for understanding the burden and causes of type 2 diabetes. Working with a range of collaborators around Australia, this year has seen a particular focus on the connection between sedentary behaviour and both obesity and type 2 diabetes. In work examining death rates in the AusDiab population, we highlighted, in one of the most widely-recognised publications from AusDiab, the significant impact of both diabetes and pre-diabetes on mortality, and therefore the importance of screening for and treating aggressively these conditions.

While the team continues to work hard on the all the results from phases 1 and 2, we have already put together an ambitious plan for phase 3. If adequate funding can be raised, this will take place in 2009-10, and will re-test all of those involved in the first two phases, as well as assemble a new national study population of 20,000 adults, and will add surveys of eye disease and heart failure to the current suite of work on diabetes, obesity, kidney disease and cardiovascular disease.

In December 2006, the third edition of the *Diabetes Atlas* was published. This book, which is published in Brussels by the International Diabetes Federation (IDF), is increasingly recognised as the premier collection of global information about the burden of diabetes. Dr Richard Sicree and Professor Jonathan Shaw provide much of the information for this book, including detailed figures on the numbers of people with diabetes in every country and projections for the year 2025. This latest edition of the *Diabetes Atlas* estimated that the current global burden of 246 million people with diabetes will rise to 380 million by 2025.



Since 1987, we have undertaken three health surveys in the Indian Ocean island of Mauritius, and in 2007, we began a follow-up of the almost 10,000 adults who have been involved. The information that will be derived from this activity, encompassing outcomes over a 20-year period, will provide unique insights into the effects of diabetes and pre-diabetes in a rapidly developing part of the world. As co-chair of the IDF Taskforce on Epidemiology, Professor Zimmet, with support from Professor Shaw, has been responsible for gathering international expert panels and producing consensus statements on:

- ✓ The prevention of diabetes
- ✓ The metabolic syndrome in children
- ✓ The links between sleep apnoea and diabetes

The international recognition of the Epidemiology Department has been highlighted by 12-month sabbaticals that have been undertaken in the department by Professor Ed Boyko (Seattle, USA) and Professor Sung-Rae Kim (Seoul, S Korea), in addition to shorter visits by Professor Stefan Söderberg (Umeå, Sweden), and Dr Beverley Balkau (Paris, France).



## **Clinical Research**

### **The Team**

Professor Paul Zimmet AO  
Associate Professor Jonathan Shaw  
Ms Cathie Adams  
Dr Neale Cohen  
Dr Carol Delaney  
Associate Professor David Dunstan  
Ms Maria Lawton  
Ms Elizabeth Maclean  
Ms Libby Prior  
Dr Anne Reutens  
Dr Ravi Singh  
Ms Robyn Smith  
Ms Elena Vulikh  
Associate Professor Tien Wong

Following the release of the fourth edition of the International Diabetes Federation Western Pacific Region 'Type 2 Diabetes Practical Targets and Treatments' in 2005, we are now undertaking a major clinical trial to test the effectiveness of these guidelines. With funding of nearly \$3 million from the global pharmaceutical company GSK, we are co-ordinating a randomised controlled trial of the guidelines among 100 doctors in 10 Asian countries. Recruitment of 400 patients with diabetes will be completed in the second half of 2007, with results expected in late 2008.

Two major projects on the dietary management of type 2 diabetes were completed in 2006. In the first, we showed that over a 6-month period, meal replacements led to additional weight loss over six months over that seen with standard dietary advice. The second study, in collaboration with Professor Neil Mann from RMIT, and with a \$200,000 research grant from Meat and Livestock Australia, examined the role of low-carbohydrate, high-protein diets, and found that in 100 patients followed for 12 months, the outcomes were very similar for this diet and the standard high-carbohydrate diet.

Reducing the risk of developing type 2 diabetes remains a major focus, and this year saw the publication of the main results from the DREAM study. Professors Zimmet and Shaw are on the steering committee of this multi-national clinical trial of over 5,000 individuals and were involved in the key report in *The Lancet*, showing that the drug rosiglitazone reduced the risk of developing diabetes by approximately 60%.

The Clinical Research department continued testing new treatments for diabetes during the year. The largest project currently being undertaken is a multi-national study of over 10,000 people which examines the potential that weight loss drugs have to prevent cardiovascular disease. Other studies examined new



regimens for combining tablets in type 2 diabetes, and the use of inhaled insulin for people with type 2 diabetes.

Major new studies that have been designed during the year, and that will begin in the second half of 2007, include an examination of the impact of treatment for sleep apnoea on control of diabetes, and an assessment of the potential benefits of flavanols (found in dark chocolate).

**Associate Professor Jonathan Shaw**  
**Deputy Director and Director of Research**





## **Clinical Services**

### **The Team**

#### **Consultants:**

Professor Paul Zimmet AO  
Associate Professor Jonathan Shaw  
Dr Neale Cohen  
Dr Leon Chapman  
Dr Matthew Cohen  
Dr Ravinder Singh  
Dr Anne Reutens

#### **Ophthalmologists:**

Dr John Sutton  
Dr Pradeep Madhok  
Associate Professor Tien Wong  
Dr Mark McCombe

#### **Paediatrician:**

Dr Joe Mel

#### **Optometrist:**

Ms Rashelle Cohen

#### **Education Staff:**

Anna Waldron  
Eileen Collins  
Brett Fenton  
Kate Plant  
Lynette Schroen  
Beth Scholes  
Mary Storey  
Louis Vecchie  
Joe Bowden  
Jane Bowden  
Enisa Kasar  
Sonia Withers  
Tanith Lamaro

#### **Clinic Support Staff:**

Mary Pagett  
Kim Mawson  
Margaret Tasker  
Janet Sephton  
Thu Tran  
Edwina de Souza  
Mary Geraghty  
Erin Boyle  
Megan Patel  
Trish Dobson  
Mary Ann Marten



Clinical services have recently undergone structural change with Medical Services merging with Education Services to become a single entity. Dr Matthew Cohen has stepped down as the Director of Medical Services. We are very grateful to Matthew for his hard work over many years in developing a highly successful and innovative diabetes clinic. Virginia Hagger resigned as Director of Education Services and we also thank Virginia for shaping the education services here over many years. Dr Neale Cohen was recently appointed as Director of Clinical Services and will run both education and medical services.

This structural change will provide a more holistic approach to diabetes management and will coordinate medical and education staff more effectively. We are looking forward to a closer association between the physicians and education staff and will continue to strive to provide a state of the art diabetes service. We will be endeavouring to ensure the quality of our programs and management and regular audits will monitor our progress towards achieving best practice outcomes.

Both Neale and Matthew will continue to consult as previously at the Institute and their clinics will remain unchanged. Neale's practice in Footscray has been merged with the clinics of the Institute and we welcome those patients.

The education staff continues to provide an excellent service to patients facilitated by the relatively new Education Coordinator role. This on-the-day service for clients requiring urgent care has provide popular and very convenient for our patients. Group programs for intensive type 1 diabetes management and type 2 diabetes management provide ongoing education for our clients. Support groups for insulin pump therapy and diabetes in pregnancy have been well attended. Analysis of our intensive type 1 diabetes program and insulin pump therapy showed improvements in diabetes control in both of these groups, with insulin pump therapy showing the best outcomes in terms of reducing hypoglycaemia and improving HbA1c.

The clinics continue to focus on providing a best practice service in the areas of diabetes management and health promotion. Results from our clinics are excellent compared with the national average for diabetes centres with our mean HbA1c 7.5% and 76% of our clients with HbA1c  $\leq$  8.0%. This compares to mean HbA1c of 7.7% and 38% HbA1c  $\leq$  8.0% in the national ANDIAB data.

Our clinic numbers have been steady over the past 12 months with over 10,000 clients seen by physicians including more than 1,400 new clients and more than 2,900 education appointments with over 1,500 clients. Ophthalmology services have seen more than 1,200 clients. The pathology laboratory continues to function at a high level ranking in the top 50% compared with pathology laboratories around Australia.

Over the past 12 months both physicians and education staff have attended national and international meetings and many have presented the latest developments in diabetes management to their peers.

We look forward with much anticipation to the move to our new home in the Alfred Centre at AMREP. It is proposed that all our services in their current form will be unchanged or upgraded with the move. New challenges with the move include continuing to provide the best possible diabetes care in a new environment with minimal disruption to current practices.



We are looking forward to a close alliance with the Alfred Hospital and we have already had preliminary discussions to ensure close co-operation with the public hospital system for purposes of teaching, training and providing care for more acute medical needs.

**Dr Neale Cohen, Director of Clinical Services**  
**Mary Pagett, Practice Manager**



## **Genetics Research**

### **The Team**

Dr Jeremy Jowett  
Dr Kate Shields  
Nik Cummings

Our genetics and molecular research aims to provide a better understanding of the process that causes diabetes by identifying disease-predisposing genes, their products and how those products interact with other elements in the cell; and in turn how the cell's function is affected by these genes in its physiological role within the body. We believe that this will lead to the development of more accurate diagnostic tests and improved therapeutic drugs which will ameliorate, cure or prevent the development of type 2 diabetes, obesity and related metabolic conditions.

### **Research progress**

Identifying genes that contribute to the development of complex diseases remains a formidable task. After a break in funding during the previous year, we were delighted in November 2006 when the NH&MRC awarded us a research grant to continue our search for genes influencing type 2 diabetes. This was coupled with another exciting new development where we, together with collaborators in the USA, undertook a large scale molecular profiling study in a family cohort. The first and largest of its kind, it was successfully published in one of the world's leading genetics journals (Nature Genetics). The data from this study has allowed us to introduce a new ranking scheme for selecting potential disease genes for full molecular testing to ascertain their role in disease. Given there are hundreds of genes in the candidate list, this new ranking may accelerate our chances of successfully identifying genes. Our current goal is to work through this new list evaluating each gene in turn. A successful identification, about which we are optimistic, will not only improve our understanding of the disease process as described above, but may also change the way scientists search for disease causing genes in humans.

**Jeremy B. M. Jowett PhD B Sc (Hons)**  
**Director, Genetics Research Division**



## **Finance & Administration/Human Resources/Information Technology**

### **The Team**

Ms Helen Maxwell-Wright  
Mr Noel Jacobs  
Ms Pat Watts  
Ms Jan Shoesmith  
Mr Roland DeSilva  
Mr Zev Kane  
Mrs Nina Marich  
Mrs Irina Loevskaia  
Ms Mary Di Teodoro

### **Information Technology**

Mr Stephen Russell  
Ms Bibra Japara  
Ms Lyn McKelvie

After two years of consolidating and improving upon the Institute's financial position the Institute has returned a deficit of \$208,996 in this financial year. This result was in line with budget expectations as the Board financially supported key research activities that were not fully fund by external grants but were considered as integral parts of and vital to the Institute's mission.

The Institute continues to apply financial prudence to all of its activities and has, through its investment activities in the past year, increased its total equity despite recording an operating deficit this year.

The past six months have seen major activity within the Finance & Administration department as we have worked towards gathering financial and strategic commitment from both Federal and State governments to support the Institute's move and merger with the Baker Heart Research Institute.

The recent signing of agreements in relation to the merger has meant that the Institute has had to reassess the effective life of its buildings and their continued usage. The merger, which will develop a single world class research and clinical entity focusing on diabetes, obesity and cardiology will see the Institute relocate from its current aged Caulfield buildings into a floor of the as yet to be built Alfred Centre Stage 2 complex at the Alfred Medical Research Precinct located in Commercial Road Prahran. The reassessment of our current buildings effective life means that depreciation expense has increased by an additional \$74,751 in our 2006/7 financials and will similarly affect the accounts over the next two years.

The future planning for the Institute sees increased activity in commercial research with the Institute currently coordinating large scale trials in both Australia and ten Asian Pacific countries. Our Education and Client Services teams continue to expand their disease management tools with an expanded emphasis on our strength based activity research and programs.



Our thanks are extended to all of the people who have supported the Institute over the last 12 months, whether as a benefactor, sponsor, donor, client or volunteer. Without your support the Institute could not continue to function as it does.

This year, as in the past, the Treasurer and Directors who serve on the Finance & Audit Committee have led by example and their assistance and encouragement are much appreciated.

I would also like to take this opportunity to thank the staff of Finance and Administration/Human Resources/Information Technology for their continuing loyalty, dedication and hard work on behalf of the Institute especially as we move into our bright and challenging future.

**Noel Jacobs**  
**Financial Controller**

## **Business Development**

### **The Team**

Rosie Hogan, Director, Business Development

### **Food Science - Glycemic Index Testing Service**

Dr Carol Robinson, Manager

Associate Professor Neil Mann, Scientific Director

Dr Fiona Kelly, Research Supervisor,

Lisa Southgate, Food Science Research Coordinator

Deanna Pattieson, Research Assistant

### **LIFT for LIFE®**

Glen Cormick, Program Manager

Sarah Morrissey, Marketing Manager

Edna Wolf, Technical and Training Co-ordinator

The purpose of Business Development is to generate income to support the Institute's work in diabetes research, education and clinical care. This is achieved through leveraging core strengths in diabetes research and expert knowledge to develop new products and services that benefit people with diabetes and those at risk of developing it.

Business Development currently focuses its efforts in the following areas:

- Glycemic Index Testing Service
- LIFT for LIFE®
- Endorsements
- Contract Clinical Trials

Business Development also works with other departments to assist in the realisation and management of opportunities in contracted service provision.

In 2006-2007, Business Development generated revenue of \$1.37 million.

### **Glycemic Index Testing Service**

Our GI Testing Service is now a benchmark GI analytical service to the national and international food industries and is regarded as a leader in its field for innovation, throughput and quality.

The GI Testing Service partners with leading food manufacturers in the development of low GI foods. GI ranking is particularly important to people with diabetes who need to absorb glucose at a slow, steady rate. The service provided by the Institute centres around assisting food manufacturers in quality assurance, appropriate GI food labelling and product innovation. The Institute's service encourages industry to develop healthy food alternatives while enabling consumers to make more informed choices about the foods they eat.



The key achievements of 2006-2007 were:

- GI analysis performed on approximately 200 food products
- Participation in an international multi centre study examining 28 GI Testing Services globally with publication expected at the end of 2007
- Securing foundation grants totalling \$25,000 to conduct GI related research in 2007-2008 to allow for continued enhancement of the service

### **LIFT for LIFE®**

LIFT for LIFE® was born out of ground breaking research conducted by the Institute. The research showed that diabetes control is improved in people who participate in regular, supervised strength training. Australia now leads the world by translating this research into practice through the LIFT for LIFE® program, being launched across Australia from initial funding provided by the Federal Government.

Business Development has been working in partnership with the Institutes research department in translating this research into practice.

LIFT for LIFE® is an important diabetes self management and prevention tool that is proven to deliver results, specifically a reduction in blood glucose levels which will substantially reduce the risk of diabetes complications in people with type 2 diabetes. The role that strength training plays in the management and prevention of diabetes is well documented. In 2006 the American Diabetes Association emphasised the importance of strength training along with aerobic training in its evidence-based recommendations on exercise for people with diabetes.

LIFT for LIFE® was launched by the Minister for Health and Ageing Tony Abbott in January 2007.

The key achievements in 2006-2007 were:

- 30 Health and Fitness Centres recruited to deliver the LIFT for LIFE® program in Victoria
- Development of the LIFT for LIFE® training program which has been delivered to over 50 professionals including Personal Trainers, Physiotherapists and Exercise Physiologists
- 90%+ participant adherence in active LIFT for LIFE® programs
- Completion of a strategic review six months post launch to determine key successes and direction for the future
- Continued implementation of LIFT for LIFE® specific projects targeting rural and indigenous communities including Weights on Wheels and the Shepparton Rumbalara Project

In 2007-2008 plans are underway to achieve program expansion allowing more Australians access to LIFT for LIFE® in their local area. Critical in achieving this will be to secure further funding to support an awareness campaign targeting healthcare professionals, potential participants and health and fitness centres.

### **Endorsements**

Our endorsement partners generously contribute a percentage of their product sales to the Institute and these funds provide essential financial support.





We are very grateful for the support we receive from the following sponsors:

**Jockey Australia**, the manufacturer of **Circulation Socks**, specially designed and manufactured in Australia to promote healthy foot circulation

**Roche Diagnostics**, the manufacturer of **Integra** and **Accu-Chek** meters - leaders in blood glucose monitoring

**Michaelis Bayley Footwear**, the manufacturer of **The Diabetes Friendly Footwear Range**

The Business Development team is excited about the year ahead – particularly our plans to grow Business Development further to ensure that we continue to generate income for the Institute to support the Institute’s work in diabetes research, education and clinical care. This growth will be driven by focusing on existing business including the GI Testing Service and Endorsements. Roll out of LIFT for LIFE® will continue as part of our agreement with the Federal Government. Further funding is actively being sought for LIFT for LIFE® as this is critical to its long term success and sustainability. We will also be actively working in collaboration with other departments to identify business development opportunities for long term growth.

**Rosie Hogan**  
**Director, Business Development**



## **Fundraising Division**

### **The Team**

John Boyle (from May 07)  
Catherine Amies  
Noelle Wengier  
Diann Pattison – D Café  
Katrina Polderman – D Café  
Faye Brown – NDSS Shop  
Rosemary Miller – NDSS Shop  
Serhat Abdurazak (until December 06)  
Lynette Gaspero (until April 07)  
Alessandra Superina (until May 07)

The International Diabetes Institute could not care for people with diabetes and carry out the major investigations into the causes, prevention and treatments for people with diabetes without the support of its many donors and benefactors.

The generous donations, bequests and contributions of time and support we receive throughout the year are vital, and the role of the fundraising team is to ensure that those who make these contributions are themselves supported in the partnership they have chosen to establish with our Institute. We thank each and every one for choosing to support IDI and making a difference to the lives of so many people living with diabetes.

In 2006-07, the Fundraising division has delivered a broad range of activities aimed at increasing awareness of the valuable and innovative research being undertaken by IDI, and also raising funds for that research and care of patients who receive support and advice from our Clinic. The contribution of donors was substantial and we will build on these achievements in the future to ensure a sustainable funding and support base.

Financial and resource support comes from a number of sectors, including individuals, trusts, foundations, the business community and from people who have kindly remembered us in their will.

Our supporters generously supported the Institute's work through our tele-appeals and newsletters and this support has grown in the past year. Our newsletters enable us to communicate the tremendous progress our research in diabetes is achieving thanks to donors support while also advising our patients on the best care and education for diabetes available from Australia's largest clinic.

Significantly this year, support from philanthropic trusts and foundations has increased to support many research and education projects initiated by IDI that may otherwise not proceed due to lack of alternative funding. We thank the following Trusts and Foundations for their interest and support of our work.

- ◆ **Australian Unity Foundation**
- ◆ **Bell Charitable Fund**
- ◆ **Harold Mitchell Foundation**
- ◆ **Jack & Robert Smorgon Families Foundation**
- ◆ **Joe White Bequest**
- ◆ **L R Cazaly Trust Fund**
- ◆ **L.E.W. Carty Charitable Fund**
- ◆ **Pierce Armstrong Foundation Pty Ltd**
- ◆ **Rebecca L Cooper Medical Research**
- ◆ **Snowy Nominees Charitable Trust**
- ◆ **Sunshine Foundation**
- ◆ **The Marian & EH Flack Trust**
- ◆ **The Pratt Foundation**
- ◆ **The William Angliss (Vic)Charitable Fund**

Once again the Beat Diabetes Research Fund's 2006 Annual Dinner was a fantastic success, both financially, and as a celebration of the Institute's accomplishments with many of its individual and corporate supporters. We are very grateful to the many people who attended this year's event, particularly our sponsors including:

**Peerless Holdings Pty Ltd, McDonalds Australia, Bib Stillwell BMW, Merck Sharp & Dohme (Australia) Pty Ltd, Sanofi - Aventis Group, Servier Laboratories (Aust) Pty Ltd and Australian Unity.**

The Institute's Raffle Program continues to go from strength the strength. Our raffles generate a substantial and sustainable income stream for the Institute. Thank you to the many people who have purchased raffle tickets from IDI this year and congratulations to those six lucky winners who are now the proud owners of a new BMW or Mini.

Volunteers at IDI make an extraordinary contribution to our work. Our volunteers contributed approximately 8,675 unpaid hours to programs including our Opportunity Shop in Glenhuntly Road, our Café and Retail Shop, our Clinic and Research Departments and to our Diabetes Support Association. Thank you again to our loyal volunteers whose efforts enable IDI to do much more to support the needs of people with diabetes.

Our retail shops provide the very best service and care for our patients. The NDSS shop is one of the busiest in the country servicing our large patient cohort and complementing that vital link with our Diabetes Educators, Nurses and Dietitians.

Although it gives a level of satisfaction to review the past year, we are always excited and eager to look to the future. As our understanding of diabetes and its causes increases through our research, more funds and support need to be raised to find the best methods to treat those with diabetes today and through further education and discovery, help prevent more people in our community from developing this disease.

We again thank our loyal supporters and look forward to their support continuing in the future.



The International Diabetes Institute is sincerely grateful for the gifts made by the following individuals and organisations during the year. Their magnificent generosity helps IDI continue to improve the quality of life for people with diabetes through improved treatments, community education programs, individual care and research.

<b>Australian Unity Group</b>	<b>Mr Ken Smith</b>
<b>Bib Stillwell BMW</b>	<b>Mr Mark Munzer</b>
<b>Camberwell Charity Christmas Card Shop</b>	<b>Mr Melville Edwards</b>
<b>Cameron Lawyers Pty Ltd</b>	<b>Mr Michael Blanche</b>
<b>Dia-B Tech Limited</b>	<b>Mr Paul Reilly</b>
<b>Dinah Krongold &amp; Family</b>	<b>Mr Richard Harbig</b>
<b>Dr David Thurin</b>	<b>Mr Robert Crook</b>
<b>Dr Mary Rettig</b>	<b>Mr Tab Fried</b>
<b>Dr Sue Alberti AO</b>	<b>Mr Tom Pearce</b>
<b>GlaxoSmithKline</b>	<b>Mrs Agota Ivany</b>
<b>HLB Mann Judd</b>	<b>Mrs Bonnie Wong</b>
<b>Kagan Logistics</b>	<b>Mrs Eva Felts</b>
<b>Mr &amp; Mrs Les &amp; Eva Erdi</b>	<b>Mrs Eva Jones</b>
<b>McDonalds Australia</b>	<b>Mrs Joy Rae</b>
<b>Medibank Private</b>	<b>Mrs Judith Jones</b>
<b>Merck Sharp &amp; Dohme Australia</b>	<b>Mrs Lesley Roche</b>
<b>Mr &amp; Mrs Albert &amp; Debbie Dadon</b>	<b>Mrs Linda Kerr</b>
<b>Mr &amp; Mrs G &amp; M Jorgenson</b>	<b>Mrs Margot Young</b>
<b>Mr &amp; Mrs Geoff &amp; Sybil Bridges</b>	<b>Mrs Miriam Kagan</b>
<b>Mr &amp; Mrs John &amp; Lorraine Bates</b>	<b>Mrs N Ennis</b>
<b>Mr &amp; Mrs John &amp; Marie Warnock</b>	<b>Mrs Neilma Gantner</b>
<b>Mr &amp; Mrs Jonathan Forster</b>	<b>Mrs Rosetta Baron</b>
<b>Mr &amp; Mrs K Merigan</b>	<b>Mrs Sylvia Gelman</b>
<b>Mr &amp; Mrs Ken Jarrett</b>	<b>Ms Helen Maxwell-Wright</b>
<b>Mr &amp; Mrs Tom &amp; Lorelle Krulis</b>	<b>Ms Jenny Koscak</b>
<b>Mr Dennis Nassau</b>	<b>Ms Kaye Hocking</b>
<b>Mr Douglas Kefford</b>	<b>Ms Valerie Awburn</b>
<b>Mr Duncan Todd</b>	<b>Peerless Holdings Pty Ltd</b>
<b>Mr Ernest Lancy</b>	<b>RESMED</b>
<b>Mr James Curtis</b>	<b>Servier Laboratories (Aust) Pty Ltd</b>
<b>Mr Jeffrey Swingler</b>	<b>State Trustees</b>
<b>Mr Jim Bond</b>	<b>The Wool Set Pty Ltd</b>
<b>Mr John Wertheimer</b>	
<b>John Boyle</b>	
<b>Director, Fundraising, Marketing &amp; Communications</b>	

## Publications and Presentations

### Epidemiology

Publications 2006/2007

#### Refereed Journals

**Alberti KGMM, Zimmet P, Shaw J.** Metabolic syndrome – a new world-wide definition. A Consensus Statement from the International Diabetes Federation. *Diabet Med* 2006;23:469-480.

**Zimmet PZ, James WP.** The unstoppable Australian obesity and diabetes juggernaut. What should politicians do? *Med J Aust* 2006;185:187-188.

**Yoon K-H, Lee J-H, Kim, J-W, Cho JH, Choi Y-H, Ko S-H, Zimmet P, Son H-Y.** Epidemic obesity and type 2 diabetes in Asia. *Lancet* 2006;368:1681-1688.

**Tapp RJ, Zimmet PZ, Harper CA, McCarty DJ, Chitson P, Tonkin AM, Söderberg S, Taylor HR, Alberti KGMM, Tuomilehto J, Shaw JE.** Six year incidence and progression of diabetic retinopathy: results from the Mauritius Diabetes Complication Study. *Diabetes Res Clin Pract* 2006;73:298-303.

**Tapp RJ, Dunstan DW, Phillips P, Tonkin A, Zimmet PZ, Shaw JE on behalf of the AusDiab study group.** Association between impaired glucose metabolism and quality of life: results from the Australian Diabetes Obesity and Lifestyle Study. *Diabetes Res Clin Pract* 2006;74:154-161.

**Thomas MC, Zimmet P, Shaw JE.** Identification of obesity in patients with type 2 diabetes from Australian primary care. The NEFRON-5 Study. *Diabetes Care* 2006;29:2723-2725.

**Healy GN, Dunstan DW, Shaw JE, Zimmet PZ, Owen N.** Beneficial associations of physical activity with two-hour, but not fasting blood glucose in Australian adults: the AusDiab Study. *Diabetes Care* 2006;29:2604-2604.

**Dunstan DW, Vulikh E, Owen N, Jolley D, Shaw J, Zimmet P.** Community center-based resistance training for the maintenance of glycemic control in adults with type 2 diabetes. *Diabetes Care* 2006;29:2586-2591.

**Magliano DJ, Shaw JE, Zimmet PZ.** How to best define the metabolic syndrome. *Annals of Medicine* 2006;38:34-41.

**Samaras K, McElduff A, Twigg SM, Proietto J, Prins JB, Welborn TA, Zimmet P, Chisholm DJ, Campbell LV.** Insulin levels in insulin resistance: phantom of the metabolic opera? *Med J Aust* 2006;185:159-161.

**Bozaoglu K, Curran JE, Elliott KS, Walder KR, Dyer TD, Rainwater DL, VandeBerg JL, Comuzzie AG, Collier GR, Zimmet P, MacCluer JW, Jowett JB, Blangero J.**

Association of genetic variation with *UBL5* with phenotypes of the metabolic syndrome. *Hum Biol* 2006;78:147-159.

**Groop L, Tuomi T, Rowley M, Zimmet P, Mackay IR.** Latent autoimmune diabetes in adults (LADA) – more than a name. *Diabetologia* 2006;49:1996-1998.

**Gerstein HC, Yusuf S, Bosch J, Pogue J, Sheridan P, Dinccag N, Hanefield M, Hoogwerf B, Laakso M, Mohan V, Shaw J, Zinman B, Holman RR on behalf of the DREAM trial investigators.** Effect of rosiglitazone on the frequency of diabetes in patients with impaired glucose tolerance or impaired fasting glucose: a randomized controlled trial. *Lancet* 2006;368:1096-1105.

**Alberti KG, Zimmet P.** The metabolic syndrome: time to reflect. *Current Diabetes Report* 2006;4:159-161.

**Hettiarachchi KD, Zimmet PZ, Myers MA.** The effects of repeated exposure to sub-toxic doses of plecomacrolide antibiotics on the endocrine pancreas. *Food Chem Toxicol* 2006;44:1966-1977.

**Hettiarachchi KD, Zimmet PZ, Myers MA.** The plecomacrolide vacuolar-ATPase inhibitor bafilomycin, alters insulin signalling in MIN6 beta-cells. *Cell Biol Toxicol* 2006;22:169-181.

**Dunstan D, Salmon J, Healy G, Shaw J, Jolley D, Zimmet P, Owen N.** Association of television viewing with fasting and 2-hr post-challenge plasma glucose levels in adults without diagnosed diabetes. *Diabetes Care* 2007;30:516-522.

**Söderberg S, Zimmet P, Tuomilehto J, Chitson P, Gareeboo H, Alberti KGMM, Shaw JE.** Leptin predicts the development of diabetes in Mauritian men, but not women. A population-based study. *Int J Obesity* 2007;31:1126-1133.

**Chan JC, Deerochanawong C, Shera AS, Yoon KH, Adam JM, Van Binh T, Chan SP, Fernando RE, Horn LC, Khue NT, Litonjua AD, Soegondo S, Zimmet P.** Role of metformin in the initiation of pharmacotherapy for type 2 diabetes: An Asian-Pacific perspective. *Diab Res Clin Pract* 2007;75:255-266.

**Hoy WE, Kondalsamy-Chennakesavan S, Wang S, Briganti E, Shaw J, Polkinghorne K, Chadban S and the AusDiab Study Group.** Quantifying the excess risk for proteinuria, hypertension and diabetes in Australian Aborigines: comparison of profiles in three remote communities in the Northern Territory with those in the AusDiab study. *ANZ J Pub Hlth* 2007;31:177-183.

**Tapp R, Balkau B, Shaw JE, Valensi P, Cailleau M, Eschwege E on behalf of the D.E.S.I.R. Study Group.** Association of glucose metabolism, smoking and cardiovascular risk factors with incident peripheral arterial disease: the D.E.S.I.R. study. *Atherosclerosis* 2007;190:84-89.

**Sicree R, Shaw J.** Type 2 diabetes: An epidemic or not, and why it is happening. *Diabetes & Metabolic Syndrome Clinical Research & Reviews*. 2007;1:75-81.

**Alberti KGMM, Zimmet P, Shaw J.** International Diabetes Federation: a consensus on Type 2 diabetes prevention. *Diabetic Med* 2007;24:451-463.



**Cohen ND, Shaw JE.** Diabetes – advances in treatment. *Int Med J* 2007;37:383-388.

**Healy GN, Dunstan DW, Salmon J, Cerin E, Shaw JE, Zimmet PZ, Owen N.** Objectively measured light-intensity physical activity is independently associated with 2-hr plasma glucose. *Diabetes Care* 2007;30:1384-1389.

**Barr ELM, Zimmet PZ, Welborn WA, Jolley D, Magliano DJ, Dunstan DW, Cameron AJ, Dwyer T, Taylor HR, Tonkin AM, Wong TY, McNeil J, Shaw JE.** The risk of cardiovascular and all-cause mortality in individuals with diabetes, impaired fasting glucose and impaired glucose tolerance: the AusDiab Study. *Circulation* 2007;116:151-157.

### **Presentations at Symposia 2006-2007**

#### **Professor Paul Zimmet**

Address to The Academy of Technological Sciences and Engineering (Vic Branch)  
Melbourne, July 2006

Keynote Lecture, Nobel Symposium, Göteborg, Sweden August 2006

Keynote Address, United Nations Resolution on Diabetes, Seoul, Korea August 2006

Chairman, International Congress on Obesity, Sydney, September 2006

Keynote Address, European Symposium on Metabolism, Padua, Italy, October 2006

Program Chairman, IDF conference on Diabetes in Indigenous People Melbourne,  
November 2006

Keynote Debate, IDF Congress, Cape Town, December 2006

Plenary Lecture, 2<sup>nd</sup> Congress on Prediabetes and the Metabolic Syndrome, Barcelona, April  
2007

Keynote Lecture Aharon Cohen Memorial Symposium Jerusalem, Israel 2007

2007 Novartis Award in Diabetes, American Diabetes Association, Chicago, USA, June 2007

Keynote Lecture African Diabetes Summit, Nairobi, Kenya, June 2007

#### **Associate Professor Jonathan Shaw**

International Congress on Obesity. Sydney, September 2006

2006 Novartis Award in Diabetes, American Diabetes Association, Chicago, USA, September  
2006

Plenary lecture. Australian Atherosclerosis Society Meeting. Queensland, October 2006

Korean Society of Endocrinology annual scientific meeting. Busan, S Korea, November, 2006.

Symposium lecture. Society of Hospital Pharmacists of Australia. November 2006

Symposium lecture. Society of Hospital Pharmacists of Australia. November 2006

Symposium lecture. International Diabetes Federation – triennial scientific meeting. Cape Town, South Africa, December 2006

Symposium lecture. 2nd Congress on Prediabetes and the Metabolic Syndrome. Barcelona, Spain, April 2007

Plenary lecture. Peking University Diabetes Forum. Beijing, China, May 2007

### **Presentations/Publications**

Conference Name: **Proceedings of the 42nd Annual Scientific Meeting of the ANZSN**

Date: August 2006

Location: Melbourne

Title: **Awareness of personal risk of CKD amongst the general community**

Authors: White S, Polkinghorne K, Atkins R, Shaw J, Cass A, Chadban S.

Conference Name: **European Association for the Study of Diabetes (EASD)**

Date: September 2006

Location: Amsterdam, The Netherlands

Title: **Physical inactivity and all-cause mortality in Australians with 'undiagnosed' impaired glucose metabolism. The AUSDIAB Study**

Author: Dunstan DW, Barr ELM, Magliano DJ, Salmon J, Owen N, Jolley D, Shaw JE, Zimmet PZ.

Conference Name: **European Association for the Study of Diabetes (EASD)**

Date: September 2006

Location: Amsterdam, The Netherlands

Title: **Two-hour post-load glucose: an independent predictor of 5-year all-cause mortality – the AusDiab study**

Authors: Barr ELM, Zimmet PZ, Welborn TA, Shaw JE.

Conference Name: **European Association for the Study of Diabetes (EASD)**

Date: September 2006

Location: Amsterdam, The Netherlands

Title: **Increasing prevalence of cardiovascular disease in Mauritius, and a strong association between postprandial hyperinsulinaemia and ECG changes indicating possible ischaemic heart disease.**

Authors: Söderberg S, Shaw J, Zimmet P, Reklamaite R, Tamosiunas A, Alberti K, Tuomilehto J.

Conference Name: **European Society of Cardiology**



Date: September 2006  
Location: Barcelona, Spain  
Title: Increasing prevalence of cardiovascular disease in Mauritius, and a strong association between postprandial hyperinsulinaemia and ECG changes indicating possible ischemic heart disease.  
Authors: Söderberg S, Zimmet P, Alberti KGMM, Tamosiunas A, Reklamaite R, Shaw J, Tuomilehto J.

Conference Name: **Annual Health and Medical Research Conference of Queensland**

Date: November 2006  
Location: Brisbane  
Title: **Every step counts – objectively determined physical activity and blood glucose in Australian adults.**  
Authors: Healy GN, Owen N, Salmon J, Cerin E, Dunstan DW.

Conference Name: **International Congress on Behavioural Medicine**

Date: November/December 2006  
Location: Bangkok, Thailand  
Title: **Accelerometer-determined physical activity and blood glucose in Australian adults.**  
Authors: Healy GN, Owen N, Salmon J, Cerin E, Dunstan DW.

Conference Name: **International Diabetes Federation 19th World Diabetes Congress**

Date: December 2006  
Location: Cape Town, South Africa  
Title: **Microalbuminuria and risk of mortality.**  
Authors: Magliano DJ, Barr ELM, Polkinghorne K, Atkins RC, Tapp R, Chadban S, Zimmet PZ, Shaw JE.

Conference Name: **International Diabetes Federation 19th World Diabetes Congress**

Date: December 2006  
Location: Cape Town, South Africa  
Title: **Incidence of diabetes in Australia: the AusDiab study.**  
Authors: Shaw JE, Magliano DJ, Barr ELM, Dunstan DW, Cameron A, Welborn TA Zimmet PZ.

Conference Name: **2<sup>nd</sup> International Congress on “Prediabetes” and the Metabolic Syndrome**

Date: April 2007  
Location: Barcelona, Spain  
Title: **Is the metabolic syndrome a useful and necessary tool for prediction of diabetes? The AusDiab Study.**  
Authors: Cameron AJ, Shaw JE, Tonkin AM, Magliano D, Zimmet PZ.

Conference Name: **2nd International Conference on Prediabetes and Metabolic Syndrome**

Date: April 2007  
Location: Barcelona, Spain

- Title: **Leptin may induce diabetes through inhibition of insulin secretion. An 11-year prospective study.**  
Authors: Söderberg S, Zimmet P, Tuomilehto J, Stenlund H, Chitson P, Gareeboo H, Alberti KGMM, Shaw JE.
- Conference Name: **Association for Research in Vision and Ophthalmology**  
Date: May 2007  
Location: Florida, USA  
Title: **Retinal vascular caliber and the 5-year cumulative prevalence of retinopathy lesions in an Australian population: The AusDiab Study.**  
Authors: Rogers SL, Tikellis G, Harper CA, Shaw J, Zimmet PZ, Mitchell P, Taylor HR, Wang JJ, Wong TY.
- Conference Name: **Association for Research in Vision and Ophthalmology**  
Date: May 2007  
Location: Florida, USA  
Title: **The relationship of retinal vascular caliber to diabetes, glycemia and retinopathy. The Australian Diabetes, Obesity and Lifestyle Study (AusDiab).**  
Authors: Tikellis G, Shaw JE, Simpson R, Zimmet PZ, Rogers S, Wang JJ, Mitchell Paul, Taylor HR. Wong TY.
- Conference Name: **Dietitians Association of Australia 25th National Conference**  
Date: May 2007  
Location: Hobart  
Title: **Abnormal glucose metabolism: Does diet interact with sedentary behaviour? The AusDiab Study.**  
Authors: Reeves M, Healy G, Khan T, Dunstan D, Shaw J, Zimmet P, Owen N.
- Conference Name: **American Diabetes Association 67<sup>th</sup> Scientific Sessions**  
Date: June 2007  
Location: Chicago, USA  
Title: **C-reactive protein is associated with post-load glucose, but not fasting glucose.**  
Authors: Magliano DJ, Shaw JE, Zimmet PZ.
- Conference Name: **American Diabetes Association 67<sup>th</sup> Scientific Sessions**  
Date: June 2007  
Location: Chicago, USA  
Title: **Vacuolar-ATPase inhibitory plecomacrolides are developmental toxicants that target pancreatic beta cells and accelerate type 1 diabetes onset.**  
Authors: Hettiarachchi KD, Ling SC, Ludeman JP, Myers MA, Zimmet PZ.
- Conference Name: **American Diabetes Association 67<sup>th</sup> Scientific Sessions**  
Date: June 2007  
Location: Chicago, USA  
Title: **The impact of clustering of components on the prevalence of the metabolic syndrome.**



- Authors: Devers MC, Stewart C, Shaw J, Zimmet P, Simmons D.
- Conference Name: **American Diabetes Association 67<sup>th</sup> Scientific Sessions**  
Date: June 2007  
Location: Chicago, USA  
Title: **Longitudinal association of glucose metabolism with retinopathy: results from the Australian Diabetes Obesity and Lifestyle Study (AusDiab).**
- Authors: Tapp RJ, Harper CA, Tikellis G, Tonkin A, Wong T, Zimmet P, Shaw J.
- Conference Name: **American College of Sports Medicine Annual Conference**  
Date: May/June 2007  
Location: New Orleans, USA  
Title: **Association of resistance exercise with impaired glucose metabolism in adults – a population-based study.**
- Authors: Dunstan DW, Daly RM, Owen N, Salmon J, Healy GN, Hawley JA, Shaw JE, Jolley D, Zimmet PZ.
- Conference Name: **American College of Sports Medicine Annual Conference**  
Date: May/June 2007  
Location: New Orleans, USA  
Title: **Do sitting and exercise INDEPENDENTLY predict the incidence of the metabolic syndrome? Presentation at the symposium “Contrasting the independent biochemical and clinical effects of exercising too little with sitting too much on the metabolic syndrome: The emergence of inactivity physiology (low NEAT) and inactivity epidemiology”.**
- Authors: Healy GN, Dunstan DW.
- Conference Name: **American College of Sports Medicine Annual Conference**  
Date: May/June 2007  
Location: New Orleans, USA  
Title: **Prolonged bouts of sedentary time are associated with percent body-fat, independent of total sedentary time.**
- Authors: Healy GN, Dunstan DW, Salmon J, Cerin E, Hawley JA, Owen N.

## Visiting Fellow and Academic Appointments

- Dr Beverley Balkau  
INSERM (the French Medical Research Council), Paris
- Professor Ed Boyko  
University of Washington, USA
- Associate Professor Stefan Söderberg  
Umea University, Sweden
- Assistant Professor Sung-Rae Kim  
The Catholic University of Korea

- Associate Professor Stefan Söderberg, MD, PhD,  
Department of Public Health and Clinical Medicine, Medicine  
Umeå University Hospital, Sweden
- Dr Robyn Tapp  
Department of Epidemiology & Preventive Medicine  
Monash University
- Professor Tim Welborn  
Emeritus Consultant  
Department of Endocrinology and Diabetes  
Sir Charles Gairdner Hospital  
Western Australia  
and  
Clinical Professor of Medicine  
University of Western Australia

### **Honorary appointments held by International Diabetes Institute Staff**

#### **Professor Paul Zimmet AO**

- Head and Principal Investigator  
World Health Organisation Collaborating Centre for the Epidemiology of Diabetes Mellitus and  
Health Promotion for Noncommunicable Disease Control (to December 06)
- Professor of Diabetes  
Department of Biochemistry and Molecular Biology  
Monash University
- Professor  
Department of Medicine and Department of Medicine & Preventive Medicine  
Monash University
- Professor of Epidemiology (Adjunct)  
Graduate School of Public Health  
Department of Epidemiology  
University of Pittsburgh  
Pennsylvania USA
- Professor, Faculty of Health and Behavioural Sciences  
Deakin University
- Honorary Professor  
Victoria University
- Consultant Physician to Diabetes  
Southern Health Network Victoria

#### **Associate Professor Jonathan Shaw**

- Department of Medicine and Department of Medicine & Preventive Medicine  
Monash University

#### **Dr Jeremy Jowett**

- Faculty of Health and Behavioural Sciences  
Deakin University  
Academic Fellow
- Baker Heart Research Institute



### **Dr David Dunstan**

- Honorary Lecturer  
Faculty of Medicine, Department of Epidemiology and Preventative Medicine  
Monash University
- Honorary Research Fellow  
School of Population Health  
University of Queensland
- Adjunct Research Fellow  
School of Exercise and Nutrition Sciences  
Deakin University

### **Dr Leon Chapman**

- Honorary Lecturer Biochemistry  
Monash University
- Medical Administrative Committee  
Masada Hospital



## **AusDiab Collaborators**

Ms Lynelle Moon, Dr Paul Magnus  
Australian Institute of Health & Welfare

Professor Hugh Taylor, Associate Professor Tien Wong  
Centre for Eye Research Australia

Dr Jo Salmon  
School of Health Sciences  
Deakin University

Mrs Terry Dunbar  
Dr Joan Cunningham  
Dr Tarun Weeramanthri  
Menzies School of Health Research, Darwin

Professor Bob Atkins  
Dr Kevan Polkinghorne  
Department of Nephrology  
Monash Medical Centre

Professor John McNeil  
Professor Andrew Tonkin  
Dr Danny Liew  
Department of Epidemiology and Preventive Medicine  
Monash University

Dr Richard Simpson  
Eastern Clinical Research Unit  
Monash University (Box Hill Hospital)



Dr Pat Phillips  
Queen Elizabeth Hospital, Adelaide

Associate Professor Steve Chadban  
Royal Prince Alfred Hospital, Sydney

Professor Tim Welborn  
Department of Endocrinology and Diabetes  
Sir Charles Gairdner Hospital, Perth

Professor Kerin O'Dea  
University of Melbourne

Professor Neville Owen  
Ms Genevieve Healy  
School of Population Health  
University of Queensland

Professor Stephen Colaguri  
University of Sydney



**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

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



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**INTERNATIONAL DIABETES INSTITUTE**  
**ABN 16 007 342 412**

**DIRECTORS' REPORT**

Your directors present their financial report for the International Diabetes Institute ("Institute") for the financial year ended 30 June 2007.

**DIRECTORS**

The names and details of the directors of the Institute in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Professor Robert Atkins AM, Executive Director/Professorial Research Fellow, MB, MB.BS,M.Sc, D.Sc, FRACP, and Professor of Epidemiology and Preventive Medicine at Monash University.

Hon Neil Batt AO , Non Executive Director, BA (Hons). Chairman of Residential Aged Services , former Director of Netwealth Ltd. Executive Director of Australian Centre for Health Research Nb. Former Deputy Premier and Treasurer of Tasmania, Previously Chairman of CSL Limited, Heine Management Limited, Airlines of Western Australia and Resident Director of TNT in both Western Australia and Victoria.

Mr Ian Davis, Non Executive Director, LLB (Hons). Senior partner and previously national chairman of Minter Ellison. Chairman of MaxiTRANS Industries Limited, Zenyth Therapeutics Limited and Produce Grocery Industry Code Administration Committee. Non-executive director of Baxter Group Ltd.

Mr David Gilmour, Non Executive Director, BMus, MBA. Chairman of Australian International Health Institute. Director of Aviation Training Australasia. Former Director and Vice President of the Boston Consulting Group's Melbourne office.

Mr H Neil Hewitt OAM, Non Executive Director, FCA,FCPA. Non-executive Director for Schiavello Project Solutions, DiaB Tech Ltd, Southern Health, & The Order of Australia Association. Former partner of KPMG.

Mr Tom Krulis, Non Executive Director, B Comm. LLB. Joint Managing Director of Godfreys Pty Ltd .

Ms Helen Maxwell Wright, Executive Director/Managing Director, Dip Bus. Director of OzChild Children Australia and Maxwell-Wright Associates Pty Ltd.

Ms Sue Natrass AO, Non Executive Director, FAIM. National President of the Australian Entertainment Industry Association and Vice president of the Victorian College of the Arts. ( Resigned 21st August 2006 )

Ms Genevieve Overell, Non Executive Director, General Manager, Office of Planning and Urban Design DS Victoria. Non Executive Director of Victorian Interpreters and Translators Service LanguageLink (VITS), Lawyer and FAICD.

Mr John Rashleigh, Non Executive Director /President, BEc, MBA, FAIM, FAICD. Managing Director of Navy Health, Director & Deputy chairman of the Australian Health Service Alliance, Director & Chairman Health Insurance Restricted Membership Association of Australia, Director Australian Centre for Health Research.

Mr Jeffrey Swingler, Non Executive Director, MCA. Managing Director of Sonde Limited. Former Director of ANZ Securities Ltd.

Mrs Margarita Theophanous, Non Executive Director, B Pharm, B.A. Director Darebin Community Health Centre. (Appointed 21st August 2006)

Dr David Thurin, Non Executive Director, MMBS, FRACGP, Dip.RACOG, MSc in Management. Managing Director and Executive Chairman of Tigcorp Pty Ltd.

Dr Joanne Wilkinson, Non Executive Director, MSc, BHA, PhD. Former Director of Nursing, founder of a university school of nursing, professor of nursing and past president of the Royal College of Nursing, Australia.

Mr Ronald Wilson, Non Executive Director/Honorary Treasurer, BA. Executive Director Health Insurance Restricted Membership Association of Australia. Former Chief of Staff to the Leader Victorian Opposition, MLA and Shadow Minister for Health, Victorian Parliament. Previously Chief of Staff to Victorian Minister for Health and Senior Ministerial advisor to Victorian Minister for Housing and Aged Care. (Appointed 27th November 2006)

Professor Paul Zimmet AO, Executive Director/ Professor-Director. Professor in Biochemistry in Dept of Epidemiology Monash University. Trustee of Jewish Welfare. Member of Institutes of Pharmaceutical Discovery, Chemgenex Pharmaceuticals, Apollo Life Sciences and Alinea Pharmaceuticals Scientific advisory boards. Member of Novartis, Merk Sharpe & Dohme and Glaxo Smith Kline Diabetes Advisory Boards. Chairman of Eli Lilly Research Grants Committee.

**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

**DIRECTORS' REPORT (Continued)**

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**PRINCIPAL ACTIVITIES**

The principal activities of the Institute during the financial year were the provision of clinical care and education for people with diabetes and to conduct research into finding a cure for, or a means of preventing diabetes and its complications.

There were no significant changes in the nature of the activities of the Institute during the year.

**INSTITUTE SECRETARY**

The Institute's secretary is Ms Helen Maxwell Wright Executive Director/Managing Director, Dip Bus. Director of OzChild Children Australia and Maxwell-Wright Associates Pty Ltd.

**REVIEW AND RESULTS OF OPERATIONS**

A review of the operations of the Institute during the financial year and the results of those operations found that during the year, the Institute continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. The Institute's operating result for the financial year ended 30 June 2007 amounted to \$208,996 deficit (2006 \$1,289,571 surplus) and includes receipts of \$328,856 from the Institute's investment portfolio which was reinvested back into the portfolio and \$189,137 donated to the Beat Diabetes Research Fund for future research projects.

**DIVIDENDS AND OPTIONS**

The Institute is a company limited by guarantee and is prohibited by its constitution from paying a dividend to or issuing shares or options to its members.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

In the opinion of the directors there were no significant changes in the state of affairs of the Institute that occurred during the financial year under review not otherwise disclosed in this report.

**EVENTS SUBSEQUENT TO BALANCE DATE**

On the 20<sup>th</sup> of August 2007 the Institutes board passed a motion that confirmed the Institutes agreement in principal to a merger with the Baker Heart Research Institute. The proposed merger would lead to the formation of a new entity encompassing both the Baker Heart Research Institute and the Institute. The proposed merger would see the Institute eventually relocate from its current Caulfield site to the Alfred Medical Research Precinct (AMREP) site in Prahran in late 2009. The Merger was further confirmed by the signing of a Heads of Agreement document on 28 September 2007 setting out the basic principles for the merger process and associated timelines. This resulted in the reassessment of useful life in respect of building improvements as well as the transfer of building reserves back to retained surplus.

**LIKELY DEVELOPMENTS**

The Institute expects to maintain the present status and level of operations irrespective of the proposed developments disclosed in the events subsequent to balance date note.

**ENVIRONMENTAL REGULATION**

The Institute's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Institute has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Institute.

**INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITOR**

During or since the end of the financial year, the Institute has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums.

Since the end of the previous financial year, the Institute has paid insurance premiums of \$9,939 (2006: \$9,603) in respect of the Directors' and Officers' liability and legal expenses and insurance contracts, for current and former directors and officers, including executive officers of the Institute. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

**DIRECTORS' REPORT (Continued)**

**MEETINGS OF DIRECTORS**

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Institute during the financial year were:

	<b>DIRECTORS MEETINGS</b>		<b>FINANCE &amp; AUDIT COMMITTEE</b>	
	<b>No of Meetings Held *</b>	<b>No of Meetings attended</b>	<b>No of Meetings Held *</b>	<b>No of Meetings attended</b>
Professor Robert Atkins AM	7	4		
Hon Neil Batt AO	7	7	12	12
Mr Ian Davis	7	5		
Mr David Gilmour	7	6		
Mr H Neil Hewitt OAM	7	4	5	2
Mr Tom Krulis	7	0		
Ms Helen Maxwell Wright	7	7	12	12
Ms Sue Natrass AO	1	0		
Ms Genevieve Overell	7	4		
Mr John Rashleigh	7	6	12	11
Mr Jeffrey Swingler	7	5		
Mrs Margarita Theophanous	7	3		
Dr David Thurin	7	6	7	5
Dr Joanne Wilkinson	7	6		
Mr Ronald Wilson	4	3	7	7
Professor Paul Zimmet AO	7	6	12	8

\*Reflects the number of meetings held during the time the director held office and for which they were eligible to attend.

**PROCEEDINGS ON BEHALF OF THE INSTITUTE**


No person has applied for leave of Court to bring proceedings on behalf of the Institute or intervene in any proceedings to which the Institute is a party for the purpose of taking responsibility on behalf of the Institute for all or any part of those proceedings.


The Institute was not a party to any such proceedings during the year.

**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 on page 4.

Signed in accordance with a resolution of the directors:

Director .....   
Mr John Rashleigh (President)

Director .....   
Mr Ronald Wilson (Hon Treasurer)

Dated this 15<sup>th</sup> day of October 2007

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE  
INTERNATIONAL DIABETES INSTITUTE**

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

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

*HLB Mann Judd*

**HLB Mann Judd**



**David Nairn**

Partner

15 October 2007

Melbourne

**INTERNATIONAL DIABETES INSTITUTE**  
**ABN 16 007 342 412**

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

	Note	2007 \$	2006 \$
Revenue from continuing operations	2	<b>10,874,936</b>	12,260,384
Employee benefits expense		<b>(4,818,532)</b>	(4,923,552)
Depreciation, amortisation and impairment expense	3	<b>(346,148)</b>	(282,254)
Laboratory- pathology testing expense		<b>(197,730)</b>	(281,849)
Research and development expense	3	<b>(1,641,696)</b>	(1,208,978)
Medical/Other consultants fees		<b>(725,522)</b>	(707,666)
Retail expenses	3	<b>(257,079)</b>	(289,547)
Property/Infrastructure/Utilities expenses		<b>(236,870)</b>	(273,667)
Fundraising/Raffles expenses		<b>(1,717,771)</b>	(1,973,131)
Promotional/Marketing expenses		<b>(312,780)</b>	(320,244)
Other expenses from continuing operations		<b>(829,804)</b>	(709,925)
Surplus/(Deficit) from continuing operations	16	<b><u>(208,996)</u></b>	<u>1,289,571</u>
<b>Surplus/(Deficit) attributable to members of the Institute</b>	16	<b><u><u>(208,996)</u></u></b>	<u><u>1,289,571</u></u>

The accompanying notes form part of these financial statements.

**INTERNATIONAL DIABETES INSTITUTE**  
**ABN 16 007 342 412**

**BALANCE SHEET**  
**AS AT JUNE 30 2007**

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash and Cash equivalents	4	2,851,676	1,901,574
Trade and other receivables	5	490,794	716,525
Inventories	6	19,998	19,728
Financial assets	8	4,086,189	3,105,099
Other current assets	7	89,467	277,314
<b>TOTAL CURRENT ASSETS</b>		<b><u>7,538,124</u></b>	<b><u>6,020,240</u></b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	895,247	1,212,797
Intangible assets	10	-	-
<b>TOTAL NON CURRENT ASSETS</b>		<b><u>895,247</u></b>	<b><u>1,212,797</u></b>
<b>TOTAL ASSETS</b>		<b><u>8,433,371</u></b>	<b><u>7,233,037</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,006,344	1,324,367
Provisions	12	461,453	426,015
Other current liabilities	13	1,795,888	768,385
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>3,263,685</u></b>	<b><u>2,518,767</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	102,448	90,270
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>102,448</u></b>	<b><u>90,270</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>3,366,133</u></b>	<b><u>2,609,037</u></b>
<b>NET ASSETS</b>		<b><u>5,067,238</u></b>	<b><u>4,624,000</u></b>
<b>EQUITY</b>			
Reserves	15	3,206,214	2,629,284
Retained surplus	16	1,861,024	1,994,716
<b>TOTAL EQUITY</b>	14	<b><u>5,067,238</u></b>	<b><u>4,624,000</u></b>

The accompanying notes form part of these financial statements.

**INTERNATIONAL DIABETES INSTITUTE**  
**ABN 16 007 342 412**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30 2007**

	Note	2007 \$	2006 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		<b>7,804,569</b>	8,806,040
Raffle income received		<b>2,529,474</b>	2,951,588
Payments to suppliers and employees		<b>(9,452,222)</b>	(10,790,027)
Interest received		<b>108,642</b>	42,565
Net cash provided/(used) by operating activities	17b	<b><u>990,463</u></b>	<b><u>1,010,166</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		<b>(40,360)</b>	(126,282)
Dividends/Interest received		<b>192,644</b>	193,460
Proceeds from disposal of available for sale investments		<b>136,212</b>	161,138
Purchase of available for sale investments		<b>(328,856)</b>	(354,598)
Net cash provided/(used) in investing activities		<b><u>(40,360)</u></b>	<b><u>(126,282)</u></b>
Net increase/(decrease) in cash held		<b>950,103</b>	883,884
Cash at beginning of financial year		<b>1,901,574</b>	1,017,690
Cash at end of financial year	17a	<b><u>2,851,676</u></b>	<b><u>1,901,574</u></b>

The accompanying notes form part of these financial statements.



**INTERNATIONAL DIABETES INSTITUTE**  
**ABN 16 007 342 412**

**STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Net gains/(losses) on available for sale financial assets		<u>652,234</u>	<u>(16,752)</u>
Net Income/Expense recognised directly in equity		<u>652,234</u>	<u>(16,752)</u>
Profit/(Loss) for the period		<b>(208,996)</b>	1,289,571
<b>TOTAL RECOGNISED INCOME AND EXPENSE</b>	14	<u><b>443,238</b></u>	<u>1,272,819</u>

The accompanying notes form part of these financial statements.

**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The International Diabetes Institute ("The Institute") is a company limited by guarantee, incorporated and domiciled in Australia.

**(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). As the Institute is classified as a not for profit entity for financial reporting, the Institute has adopted certain clauses of standards which only apply to not for profit entities. Accordingly, compliance with AIFRS by the Institute will not result in compliance with IFRS.

**(b) Basis of preparation**

The financial report is presented in Australian dollars which is also the Institute's functional currency.

The financial report is prepared on the historical cost basis except for financial instruments classified as available-for-sale which are stated at fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key estimates- Impairment. The Institute assesses impairment at each reporting date by evaluation conditions specific to the Institute that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

**(c) Income Tax**

No provision for Income tax has been raised as the Institute is exempt from Income tax under section 50-5 of the Income Tax Assessment Act (1997).

**(d) Inventories**

Inventories are stated at the lower of cost or current replacement cost for inventories held for distribution. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Current replacement cost is the cost the Institute would incur to acquire the asset at the reporting date. Costs are assigned on the basis of weighted average cost.

**(e) Property Plant and Equipment**

Each class of property, plant and equipment is stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy g). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The Institute recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in the Operating Statement as an expense as incurred.

**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Property*

Building Improvements are measured at cost.

*Plant and Equipment*

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

*Depreciation*

Depreciation is charged to the Operating Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Building Improvements	3.25 years
Plant & Equipment	5 years
Motor Vehicles	5 years
Computer Equipment	5 years
Furniture Fixtures and Fittings	10 years
Medical and Photographic Equipment	10 years

Gains and losses on disposal are determined by comparing sale proceeds with the carrying amount. These gains or losses are included in the operating statement.

**(f) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Institute are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over the shorter of, their estimated useful lives where it is likely that the Institute will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**(g) Impairment**

The carrying amounts of the Institute's assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy g(i)). Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Operating Statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the Operating Statement.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the Operating Statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the Operating Statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the Operating Statement.

**(i) Calculation of recoverable amount**

The recoverable amount of the Institute's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount of assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

**(ii) Reversals of impairment**

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Operating Statement, the impairment loss shall be reversed, with the amount of the reversal recognised in the Operating Statement.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(h) Foreign Currency**

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the exchange rate at that date. Foreign exchange differences arising on translation are recognised in the Operating Statement.

**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Intangible assets**

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in the accounting estimate. The amortisation expense on intangible assets with a finite life is recognised in the Operating Statement in the expense category consistent with the function of the intangible asset.

**(j) Employee Benefits**

**(i) Wages, salaries and annual leave.**

Provision is made for the Institute's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within 12 months from the reporting date arising from wages salaries, annual leave, vested long service leave and other non monetary benefits have been measured at the amount expected to be paid when the liability is settled plus related on-costs.

**(ii) Long Service Leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(iii) Classification of employee benefits as current and non-current liabilities**

Employee benefits provisions are reported as current where the Institute does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision can include both short-term benefits, that are measured at nominal values, and long-term benefits, that are measured at present values. Employee benefits provisions that are reported as non-current liabilities also include long-term benefits such as non-vested long service leave (that is, where the employee does not have a present entitlement to the benefit) that do not qualify for recognition as a current liability, and are measured at present values.

**(iv) Superannuation**

The Institute contributes to accumulation type plans on behalf of employees. Obligations for contributions to the various plans are recognised as an expense in the Operating Statement as incurred.

**(k) Financial Instruments**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through the Operating Statement, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through the Operating Statement, directly attributable transaction costs. The Institute determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

**(i) Financial assets at fair value through the Operating Statement**

Financial assets classified as held for trading are included in the category 'financial assets at fair value through the Operating Statement'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the Operating Statement.

**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(ii) Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Institute has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the Operating Statement when the investments are derecognised or impaired, as well as through the amortisation process.

**(iii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the Operating Statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**(iv) Available-for-sale investments**

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Operating Statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

**(l) Unearned Revenue**

Unearned Revenue shown in the accounts will be brought to account over the life of the contract based upon the expenditure incurred and as specified in those contracts.

**(m) Research Expenditure**

Research costs are charged to the Operating Statement as incurred.

**(n) Cash**

For the purposes of the cash flow statement, cash comprises cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

**(o) Revenue**

Revenue from the sale of goods is recognised in the Operating Statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the rendering of a service is recognised in the Operating Statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed or the achievement of contract milestones. Revenue is not recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods. Government grant income is recognised in the Operating Statement when the Institute is entitled to the revenue as stated by the contractual agreement. Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets. Other revenue is recognised when the right to receive the revenue has been established.

**INTERNATIONAL DIABETES INSTITUTE  
ABN 16 007 342 412**

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

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Goods and services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows

**(q) Comparative Figures**

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**(r) New Accounting Standards and Interpretations.**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting period. As at 30 June 2007, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2007. The Institute has not and does not intend to adopt these standards early.

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for reporting periods beginning on or ending on</b>	<b>Impact on the Institute's Annual Statements</b>
AASB 7 Financial Instruments: Disclosures	New standard replacing disclosure requirements of AASB132	Beginning 1 Jan 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Institute's financial statements. The amendments may result in changes to the financial instrument disclosures included in the Institutes annual report.
AASB 2005-10, Amendments to Australian Accounting Standards ( AASB's 132, 101, 114 ,117, 133, 139, 1 , 4 , 1023 & 1038	Amendments arising from the release of AASB7 Financial Instrument: Disclosures	Beginning 1 Jan 2007	Amendments may result in changes to the financial statements.
AASB101 Presentation of Financial Statements (revised)	Removes Australian specific requirements for AASB 101, including the Australian illustrative formats of the income statement, balance sheet, and the statement of changes in equity.	Beginning 1 Jan 2007	Amendments may result in changes to financial statements.
AASB 2007-1 Amendments to Australian Accounting standards arising from AASB Interpretation 22 (AASB22)	Additional paragraphs added underneath transitional payments.	1 March 2007	Amendments may result in changes to financial statements.

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

	Note	2007 \$	2006 \$
<b>NOTE 2: REVENUE</b>			
<b>Operating activities</b>			
-sales revenue, retail, inc café & opshop		433,591	500,668
-grants		3,362,228	4,453,678
-endorsements		196,693	144,016
-dividends	2(a)	192,644	188,122
-interest	2(b)	108,642	47,903
-medical services fees		1,358,219	1,265,502
-raffles		2,529,474	2,951,588
-donations		915,471	774,060
-commercial research		314,005	531,838
-commercial product testing		564,133	567,924
-other revenue		899,836	835,085
Total Revenue		<u>10,874,936</u>	<u>12,260,384</u>
(a) Dividends from			
-other corporations		<u>192,644</u>	<u>188,122</u>
(b) Interest from			
-other persons		<u>108,642</u>	<u>47,903</u>
<b>NOTE 3: SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS</b>			
Surplus/(Deficit) from continuing operations has been determined after:			
Expenses:			
Cost of sales		<u>257,079</u>	<u>289,547</u>
Operating Leases		<u>8,616</u>	<u>-</u>
Amortisation of Website		-	10,021
Depreciation of non-current assets		<u>346,148</u>	<u>272,233</u>
Total Depreciation, Amortisation and Impairment expenses		<u>346,148</u>	<u>282,254</u>
Remuneration of the auditors for:			
- statutory audit		20,415	18,273
- acquittal grant audits		1,285	-
- other assurance reviews		-	2,165
- other services		150	1,654
		<u>21,850</u>	<u>22,092</u>
Research Costs		<u>1,641,696</u>	<u>1,208,978</u>



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

	Note	2007 \$	2006 \$
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>			
Cash on hand		2,060	2,070
Cash at bank		2,811,644	1,863,389
-Term Deposits		37,972	36,115
		<u>2,851,676</u>	<u>1,901,574</u>
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>			
CURRENT			
Trade debtors		490,794	716,525
		<u>490,794</u>	<u>716,525</u>
<b>NOTE 6: INVENTORIES</b>			
CURRENT			
Finished goods		19,998	19,728
		<u>19,998</u>	<u>19,728</u>
<b>NOTE 7: OTHER CURRENT ASSETS</b>			
CURRENT			
Prepayments		89,467	132,404
Other current assets		-	144,910
		<u>89,467</u>	<u>277,314</u>
<b>NOTE 8: FINANCIAL ASSETS</b>			
CURRENT			
Available for sale financial assets			
- Listed investments		4,086,189	3,105,099
		<u>4,086,189</u>	<u>3,105,099</u>

Available for sale investments consist of investments in ordinary shares of listed corporations and therefore have no fixed maturity date or set coupon rate.

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

	Note	2007 \$	2006 \$
<b>NOTE 9: PROPERTY , PLANT AND EQUIPMENT</b>			
<b>BUILDING IMPROVEMENTS (a)</b>			
At cost		774,679	773,529
Less accumulated depreciation		<u>(519,954)</u>	<u>(406,483)</u>
		<u>254,725</u>	<u>367,046</u>
<b>PLANT AND EQUIPMENT</b>			
<b>(i) Motor vehicles</b>			
At cost		83,582	83,582
Less accumulated depreciation		<u>(81,607)</u>	<u>(73,709)</u>
		<u>1,975</u>	<u>9,873</u>
<b>(ii) Computer equipment</b>			
At cost		718,116	739,460
Less accumulated depreciation		<u>(558,451)</u>	<u>(543,567)</u>
		<u>159,665</u>	<u>195,893</u>
<b>(iii) Medical and photographic equipment</b>			
At cost		1,554,405	1,611,322
Less accumulated depreciation		<u>(1,127,520)</u>	<u>(1,039,993)</u>
		<u>426,885</u>	<u>571,329</u>
<b>(iv) Furniture, fixtures and fittings</b>			
At cost		222,833	221,571
Less accumulated depreciation		<u>(170,836)</u>	<u>(152,915)</u>
		<u>51,997</u>	<u>68,656</u>
Total Plant and Equipment		<u>640,522</u>	<u>845,751</u>
Total Property, Plant and Equipment		<u>895,247</u>	<u>1,212,797</u>

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

**NOTE 9: PROPERTY , PLANT AND EQUIPMENT (Continued)**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment :

	Building Improvements	Motor Vehicles	Computer equipment	Furniture, fixtures and fittings	Medical and Photo equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>	401,874	17,771	159,939	88,282	690,882	1,358,748
Acquisitions	3,801	-	105,114	-	17,367	126,282
Depreciation expense	(38,629)	(7,898)	(69,160)	(19,626)	(136,920)	(272,233)
Disposal of assets	-	-	-	-	-	-
<b>Balance at 30 June 2006</b>	<u>367,046</u>	<u>9,873</u>	<u>195,893</u>	<u>68,656</u>	<u>571,329</u>	<u>1,212,797</u>
<b>Balance at 1 July 2006</b>	367,046	9,873	195,893	68,656	571,329	1,212,797
Acquisitions	1,150	-	37,948	1262	-	40,360
Depreciation expense	(113,471)	(7,898)	(74,176)	(17,921)	(132,682)	(346,148)
Disposal of assets	-	-	-	-	(11,762)	(11,762)
<b>Balance at 30 June 2007</b>	<u>254,725</u>	<u>1,975</u>	<u>159,665</u>	<u>51,997</u>	<u>426,885</u>	<u>895,247</u>

**(a) Revision of useful life of building improvements**

During the year, the estimated total useful life of building improvements to the Institute was revised. The net effect of the changes in the current financial year was an increase in depreciation expense of the Institute of \$74,751.

Assuming the assets are held until the end of their estimated useful lives, depreciation of the Institute in future years in relation to these assets will be increased by the following amounts:

Year ending 30 June	\$
2008	74,751
2009	74,751

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

	Note	2007 \$	2006 \$
<b>Note 10: INTANGIBLE ASSETS</b>			
Website at cost		92,500	92,500
Less Website accumulated amortisation/impairment		(92,500)	(82,479)
Less Website amortisation for the year		-	(10,021)
		0	0
<b>NOTE 11: TRADE AND OTHER PAYABLES</b>			
Unsecured liabilities			
Trade creditors		714,157	646,177
Sundry creditors and accruals		292,187	678,190
		1,006,344	1,324,367
<b>NOTES 12: PROVISIONS</b>			
<b>CURRENT</b>			
Liability for Annual Leave		304,740	296,479
Liability for Long Service Leave		156,713	129,536
		461,453	426,015
<b>NON-CURRENT</b>			
Liability for Long Service Leave		102,448	90,270
(a) Aggregate employee benefits liability		563,901	516,285
(b) Number of employees at year end		105	94
<p>The Institute makes contributions to many accumulation type superannuation plans. The amount recognised as an expense for contributions made by the Institute for the financial year was \$375,909 (2006: \$446,059).</p>			
<b>NOTE 13: OTHER LIABILITIES</b>			
Unearned income		1,779,100	751,679
Other current liabilities		16,788	16,706
		1,795,888	768,385
<b>NOTE 14: EQUITY</b>			
Total equity at the beginning of the financial year		4,624,000	3,351,181
Total changes in equity recognised in the statement of recognised income and expense		443,238	1,272,819
		5,067,238	4,624,000
<b>NOTE 15: RESERVES</b>			
AusDiab Research Reserve (1)		538,953	703,394
Beat Diabetes Research Fund Reserve (1)		683,381	494,244
Building Reserve (1)		-	100,000
Financial Instruments Reserve (2)		1,319,679	667,445
Capital Reserve (1)		664,201	664,201
		3,206,214	2,629,284

(1) These reserves have been established to fund future building works, capital expenditure and specific research projects.

(2) This reserve records movements of available for sale financial assets to fair value.

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

**NOTE 15: RESERVES ( Continued )**

MOVEMENTS IN CAPITAL AND RESERVES	<b>Capital Reserve</b>	<b>Building Reserve</b>	<b>Beat Diabetes Research Reserve</b>	<b>Financial Instruments Reserve</b>	<b>AusDiab Reserve</b>	<b>Total Reserves</b>
Balance at 1 July 2005	664,201	100,000	296,765	684,197	-	1,745,163
Revaluation of Available for Sale Financial Assets	-	-	-	(16,752)	-	(16,752)
Transfer to reserves	-	-	197,479	-	703,394	900,873
<b>Balance at 30 June 2006</b>	<b><u>664,201</u></b>	<b><u>100,000</u></b>	<b><u>494,244</u></b>	<b><u>667,445</u></b>	<b><u>703,394</u></b>	<b><u>2,629,284</u></b>
<b>Balance at 1 July 2006</b>	664,201	100,000	494,244	667,445	703,394	2,629,284
Revaluation of Available for Sale Financial Assets	-	-	-	652,234	-	652,234
Transfer to/from reserves	-	(100,000)	189,137	-	(164,441)	(75,304)
<b>Balance at 30 June 2007</b>	<b><u>664,201</u></b>	<b><u>-</u></b>	<b><u>683,381</u></b>	<b><u>1,319,679</u></b>	<b><u>538,953</u></b>	<b><u>3,206,214</u></b>

<b>2007</b>	<b>2006</b>
\$	\$

**NOTE 16: RETAINED SURPLUS**

Retained surplus and the beginning of the financial year	<b>1,994,716</b>	1,606,018
Net surplus/(deficit) attributable to members of the entity	<b>(208,996)</b>	1,289,571
Retained surplus	<b><u>1,785,720</u></b>	<u>2,895,589</u>
Transfer from/to retained surplus to/from reserves		
AusDiab Reseach reserve	<b>164,441</b>	(703,394)
Beat Diabetes Research Fund reserve	<b>(189,137)</b>	(197,479)
Building Reserve	<b>100,000</b>	-
Retained surplus at the end of the financial year	<b><u>1,861,024</u></b>	<u>1,994,716</u>

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

	Note	2007 \$	2006 \$
<b>NOTE 17: CASH FLOW INFORMATION</b>			
(a) Reconciliation of cash			
Cash at the end of the financial year as shown in the cash flow statement and is reconciled to the related items in the operating statement as follows:			
Cash on hand		2,060	2,070
Cash at bank		2,811,644	1,863,389
At call deposits with financial institutions		37,972	36,115
		<b>2,851,676</b>	<b>1,901,574</b>
(b) Reconciliation of cash flow from operations with surplus from continuing operations,			
Surplus/(Deficit) for continuing activities		(208,996)	1,289,571
Non-cash flows in surplus from continuing activities			
Depreciation/ Loss on disposal		357,910	272,233
Impairment		-	10,021
Reinvestment in financial assets of interest/dividends and proceeds from sale of available for sale financial assets		(328,856)	(354,598)
Changes in assets and liabilities			
(Increase)/Decrease in trade and other receivables		225,731	241,415
(Increase)/Decrease in other assets		187,847	(65,676)
(Increase)/Decrease in inventories		(270)	7,590
(Decrease)/Increase in trade and other payables		709,481	(452,487)
(Decrease)/Increase in provisions		47,616	62,097
		<b>990,463</b>	<b>1,010,166</b>
Cash flows from operations			

**NOTE 18: RELATED PARTY TRANSACTIONS**

Transactions between related parties are undertaken on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following table provides the total amount of transactions that were entered into with related parties for the financial year. The related parties are disclosed as they fall under categories "e" or "f" of the definition of related parties contained within AASB124.

(e) the party is a close member of the family of a key management personnel or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel.

In the case of Monash University this will be the specific departments that IDI has contracts with rather than the entire entity.

Related Party		Sales to related parties	Purchases from related parties	Amounts owed by related	Amounts owed to related parties
Dia B Tech Ltd	2006	3,101	-	-	-
	2007	-	-	-	-
Monash University	2006	66,840	139,685	23,736	93,000
	2007	89,908	321,025	8,259	-
Consultus Australia Pty Ltd	2006	-	39,496	-	-
	2007	-	15,889	-	-

**NOTE 19: SEGMENT REPORTING**

The Institute operates predominately in the one business, being to provide clinical care and education for people with diabetes and to conduct research into finding a cure for, or a means of preventing diabetes and its complications, and one geographical sector, Victoria, Australia.

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

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**NOTE 20: OPERATING LEASES**

Leases as Lessee

	2007	2006
	\$	\$
Non-cancellable operating lease rentals are payable as follows		
Less than one year	10,377	-
Between one and five years	51,342	-
More than five years	-	-
	<u>61,719</u>	<u>-</u>

Lease payments are made in respect of photocopiers and mail metering equipment. The equipment leases are for a period of 5 years with rent payable monthly in advance. An option exists to purchase all photocopiers at the end of the lease for a nominal sum.

**NOTE 21: FINANCIAL INSTRUMENTS**

**a) Financial Risk Management**

The Institute's financial instruments consist mainly of deposits with banks, short term investments, shares and units (both listed and unlisted), accounts receivable and payable. The Institute does not have any derivative instruments at 30 June 2007 or at 30 June 2006.

**i) Treasury risk management**

The Institute is not exposed to any material treasury risk.

**ii) Finance Risk**

The main risks the Institute is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

**Interest rate risk**

Interest rate risk is managed with a mixture of fixed and floating rate financial instruments in respect of its deposits.

**Foreign Currency risk**

The Institute is not exposed to fluctuations in foreign currency.

**Liquidity risk**

The Institute manages its liquidity risk by monitoring forecast cash flows.

**Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial asset, is the carrying amount, net of any provisions for impairment of these assets, as disclosed in the balance sheet and notes to the financial statements. The Institute does not have any material credit risk exposure to any single recoverable or group of recoverables under financial instruments entered into by the Institute.

**Price risk**

The Institute is not exposed to any commodity price risk.

**(b) Fair Value**

Fair value is based upon quoted market bid prices at the balance sheet date without any deduction for transaction costs and in the case of trade receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivable/payables are discounted to determine the fair value. The Institute uses the government yield curve as at balance date to discount financial instruments. Fair values are materially in line with carrying values as disclosed in the balance sheet.

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

**NOTE 21: FINANCIAL INSTRUMENTS (Continued)**

**(c) Interest Rate Risk**

The Institute's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:

\* The Institute only has Financial Instruments with nterest rate risk exposures of less than 12 months.

	Weighted Average Effective Interest rate		Floating Interest Rate		Fixed Interest Rate Maturing			
	2007 %	2006 %	2007 \$	2006 \$	Within 1 Year		1 to 5 Years *	
					2007 \$	2006 \$	2007 \$	2006 \$
Financial Assets:								
Cash and cash equivalents	5.58	2.9	2,811,644	1,863,389	37,972	36,115	-	-
Receivables	-	-	-	-	-	-	-	-
Total Financial Assets			<u>2,811,644</u>	<u>1,863,389</u>	<u>37,972</u>	<u>36,115</u>	<u>-</u>	<u>-</u>
Financial Liabilities								
Trade and other payables	-	-	-	-	-	-	-	-
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			Fixed Interest Rate Maturing over 5 years *		Non Interest Bearing		Total	
			2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Financial Assets:								
Cash and cash equivalents	-	-	-	-	2,060	2,070	2,851,676	1,901,574
Receivables	-	-	-	-	490,794	716,525	490,794	716,525
Available for sale financial assets	-	-	-	-	4,086,189	3,105,099	4,086,189	3,105,099
Total Financial Assets			<u>-</u>	<u>-</u>	<u>4,579,043</u>	<u>3,823,694</u>	<u>7,428,659</u>	<u>5,723,198</u>
Financial Liabilities								
Trade and other payables	-	-	-	-	1,006,344	1,324,367	1,006,344	1,324,367
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>1,006,344</u>	<u>1,324,367</u>	<u>1,006,344</u>	<u>1,324,367</u>



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

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**NOTE 22 KEY MANAGEMENT PERSONNEL**

**Non Executive Directors**

Hon Neil Batt AO  
Mr Ian Davis  
Mr David Gilmour  
Mr H Neil Hewitt OAM  
Mr Tom Krulis  
Ms Sue Natrass AO (Resigned 21st August 2006)  
Ms Genevieve Overell  
Mr John Rashleigh  
Mr Jeffrey Swingler  
Mrs Margarita Theophanous (Appointed 21st August 2006)  
Dr David Thurin  
Dr Joanne Wilkinson  
Mr Ronald Wilson (Appointed 27th November 2006)

**Executive Directors**

Professor Robert Atkins AM  
Ms Helen Maxwell Wright  
Professor Paul Zimmet AO

**Executive**

Mr Serhat Abdurazak (Resigned 25 January 2007)  
Mr John Boyle (Appointed 30 April 2007)  
Dr Mathew Cohen  
Mrs Virginia Hagger (Resigned 30 June 2007)  
Ms Rosmary Hogan (Appointed 28 May 2007)  
Mr Noel Jacobs  
Mr Jeremy Jowett  
Mr Gary Layton (Resigned 22 December 2006)  
Assoc Prof Jonathan Shaw

**Key management personnel compensation**

The Key management compensations included in "employee expenses" are as follows

	<b>2007</b>	<b>2006</b>
	\$	\$
Short term benefits	1,260,379	1,025,187
Post Employment	107,477	85,452
Other long term benefits	118,591	70,835
	<u><u>1,486,447</u></u>	<u><u>1,181,474</u></u>

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

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**NOTE 23 : DIRECTORS' REMUNERATION AND RETIREMENT**

The Institute does not pay any remuneration for directors' services. Those Directors who hold executive positions are remunerated for their roles as Executives.

**NOTE 24: MEMBERS GUARANTEE**

The Institute is limited by guarantee. If the Institute is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the Institute. At 30 June 2007, the number of members was 21 (2006: 19). The annual subscription fee payable by members is \$25.00.

**NOTE 25: COMPANY DETAILS**

The registered office of the Institute is:  
International Diabetes Institute  
250 Kooyong Road  
Caulfield  
Victoria 3162

**NOTE 26: SUBSEQUENT EVENTS**

The financial report of the Institute for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the board of directors on the 15 October 2007.

On the 20<sup>th</sup> of August 2007 the Institutes board passed a motion that confirmed the Institute's agreement in principal to a merger with the Baker Heart Research Institute. The proposed merger would lead to the formation of a new entity encompassing both the Baker Heart Research Institute and the Institute. The proposed merger would see the Institute eventually relocate from its current Caulfield site to the Alfred Medical Research Precinct (AMREP) site in Prahran in late 2009. The Merger was further confirmed by the signing of a Heads of Agreement document on 28 September 2007 setting out the basic principles for the merger process and associated timelines. This resulted in the reassessment of useful life in respect of building improvements as well as the transfer of building reserves back to retained surplus.

**INTERNATIONAL DIABETES INSTITUTE  
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**DIRECTORS' DECLARATION**

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The Directors of the Institute declare that:

1. The financial statements and notes, as set out on pages 5 to 25 are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Act 2001; and
  - (b) give a true and fair view of the Institute's financial position as at 30 June 2007 and it's performance for the financial year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.
3. This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  .....  
Mr John Rashleigh (President)

Director .....  .....  
Mr Ronald Wilson (Hon Treasurer)

Dated this 15<sup>th</sup> day of October 2007

**Independent auditor's report to the members of the International Diabetes Institute****Report on the financial report**

We have audited the accompanying financial report of the International Diabetes Institute ("the Institute"), which comprises the balance sheet as at 30 June 2007, the operating statement, statement of recognised income and expenses and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Institute.

*Directors' responsibility for the financial report*

The directors of the Institute are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.



Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

#### Auditor's opinion on the financial report

In our opinion, the financial report of the International Diabetes Institute is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Institute's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

HLB MANN JUDD

DAVID NAIRN  
Partner

15 October 2007  
Melbourne