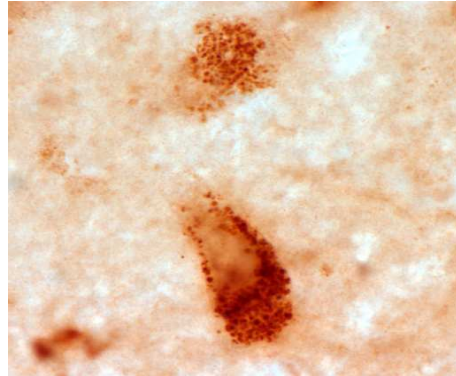
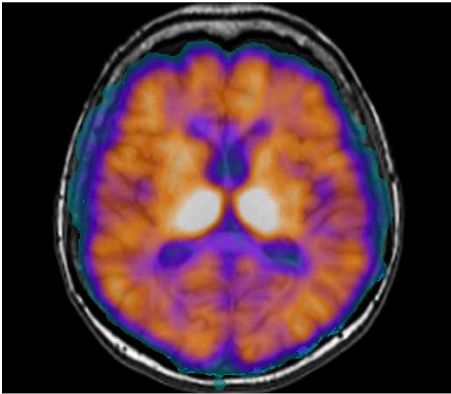




Alzheimer's
Australia
Research

Annual Report
2004/2005



Alzheimer's Australia Research Limited

ACN 081 407 534

Annual Report 2004/2005

Contact Details

Street Address: Frewin Centre, Frewin Place, Scullin ACT 2614

Mailing Address: PO Box 4019, Hawker ACT 2614

Phone: 02 6254 4233

Fax: 02 6278 7225

Email: aar@alzheimers.org.au

Contact: Susanna Park, Research Development Manager

Information about Alzheimer's Australia Research Ltd. can be found on the Research section of the Alzheimer's Australia website

<http://www.alzheimers.org.au>.

Acknowledgment of Support

Alzheimer's Australia Research would like to thank the many individuals and organisations that support our research programs through donations, gifts and bequests.

In particular, Alzheimer's Australia Research would like to extend a special thanks to the Hazel Hawke Alzheimer's Research and Care Fund and the Rosemary Foundation for Memory Support Inc. for providing funding for Alzheimer's Australia Research's dementia grants program.

Alzheimer's Australia Research would also like to thank Alzheimer's Australia WA Ltd., and in particular Frank Schaper and Dennis Lim, for secretariat support provided until November 2004.

Front cover photographs provided by: (from top left, clockwise) Associate Professor Pradeep Nathan, Dr. Ann Clarke, Dr. Gilles Guillemin and Lyndon Crabb Photography. Other photographs in the report provided by Dr. Ann Clarke, Dr. Glenda Bishop, Dr. Gilles Guillemin, Dr. Clement Loy and Associate Professor Pradeep Nathan.

Contents

| | |
|--|-----------|
| Chairman's Report | 2 |
| Company Secretary's Report | 3 |
| The Role of Alzheimer's Australia Research | 4 |
| 2004 Dementia Grants Program | 5 |
| 2005 Dementia Grants Program | 8 |
| Partnership with National Health & Medical Research Council | 9 |
| Consumer Medication Survey | 10 |
| Financial Report | 11 |

Mission Statement

Our mission is to promote, disseminate, and fund research in Alzheimer's disease and related disorders causing dementia.

Board

Professor Henry Brodaty, *Chairman*
Dr Alan McCutcheon, *Vice Chairman*
Gordon Robinson, *Treasurer* (from 30 November 2004)
Glenn Rees, *Company Secretary* (from 30 November 2004)

Professor John McKellar (from 30 November 2004)
Kaye Pritchard (from 30 November 2004)
David Scarlett
Dr Robert Yeoh

Patricia Collett, *Vice Chairman* (until 30 November 2004)
Maureen Keating (until 30 November 2004)
Frank Schaper, *Company Secretary* (until 30 November 2004)
Professor Phil Waite (until 30 November 2004)

Scientific and Medical Panel

Professor Henry Brodaty
Professor of Psychogeriatrics, University of New South Wales
Director, Academic Department for Old Age Psychiatry, Prince of Wales Hospital

Professor Tony Broe
Professor of Geriatric Medicine, University of New South Wales,
National President, Australian Association of Gerontology

Professor Colin Masters
Laureate Professor, Department of Pathology, School of Medicine, University of Melbourne

Professor Rhonda Nay
Professor of Gerontic Nursing, La Trobe University

Associate Professor Kaarin Anstey (from June 2005)
Director, Ageing Research Unit, Centre for Mental Health Research, Australian National University

Dr Mark Yates (from July 2005)
Clinical Director, Aged Care and Rehabilitation Medicine, Ballarat Health Service
President, Australian Medical Association Victoria

Professor Tony Jorm (until June 2005)
Professorial Fellow, ORYGEN Research centre, University of Melbourne
Previous Director, Centre for Mental Health Research, Australian National University

Dr Mukesh Haikerwal (until July 2005)
National President, Australian Medical Association

Chairman's Report

Dementia has a profound impact on the lives on many Australians – people with dementia, their families and carers. In 2005, it is estimated that more than 200,000 Australians will have dementia, and that there may be 1,000 new cases every week. By 2050, it is projected that over 730,000 Australians will have dementia.

These statistics underline the importance of taking action now to reduce the future impact of dementia on the Australian population. Research into prevention, diagnosis, treatment and care has the potential to lessen the impact of dementia.

Alzheimer's Australia Research Ltd. (AAR) works to promote and fund this vital research effort in Australia. Major success in 2004/2005 was achieved through AAR's increased ability to provide funding and form collaborative partnerships with other funding bodies and researchers.

Alzheimer's Australia Research offered a substantially increased range of grants in 2005 worth over \$200,000, triple the value in previous years. The scope of the grants program encompassed grants into areas such as dementia care, prevention and risk reduction, a doctoral scholarship, continued encouragement to new investigators in the field of dementia research as well as travel grants to enable Australian researchers to benefit from overseas knowledge and experience.

These grants have attracted more than double the number of applications received in 2004. In particular, there has been a great deal of interest in the Hazel Hawke Research Grant in Dementia Care, indicating the importance of funding this type of research which has a real impact on the quality of life of people with dementia and their families.

In 2004, Alzheimer's Australia Research also entered into partnership with the National Health and Medical Research Council to provide a joint research fellowship in dementia related research. The first successful fellow, Associate Professor Pradeep Nathan, is researching novel neuroimaging technology to investigate early changes in the brains of people diagnosed with Alzheimer's disease. AAR looks to increase collaborations and partnerships with other research funders, universities and research groups.

I would like to thank the members of the Scientific and Medical Panel, who have greatly assisted in the grants assessment process as well as in other capacities throughout the year. I would like to thank Dr Mukesh Haikerwal and Professor Tony Jorm, who have finished their time on the panel and welcome two new members to the panel, Associate Professor Kaarin Anstey and Dr Mark Yates.

I would also like to thank the Rosemary Foundation for Memory Support Inc., Hazel Hawke Alzheimer's Care and Research Fund, and many private donors for providing resources to support the 2005 round of grant funding. Our aim is to achieve \$5 million annual funding for research by 2008 – a goal which will only be achievable with the support of many partners.

In the coming year, Alzheimer's Australia Research will aim to further enhance the capacity of dementia related research in Australia by increasing its funding ability, promoting new research partnerships and advocating for dementia research.



Professor Henry Brodaty
Chairman

Company Secretary's Report

At the meeting of the Board of Alzheimer's Australia Research Ltd. (AAR) on 30th November 2004, the decision was taken to relocate the administration of the company to the National Office of Alzheimer's Australia in Canberra.

This was partly in recognition of the important relationships between the national advocacy of Alzheimer's Australia on a range of policy issues and the work of Alzheimer's Australia Research in promoting dementia research. The two are inseparable, as encouraging the research effort is an important aspect of advocacy and policy development.

Dementia research was a major focus of Dementia Awareness Week in 2004. Through Alzheimer's Australia, a virtual group of Australian scientists led by Professor Zaven Khachaturian from the USA developed "*Dementia Research: a Vision for Australia*", a publication which outlines the need for national action to prevent dementia. The virtual group included all members of the Scientific and Medical Panel.

Also in Dementia Awareness Week 2004, a report commissioned by Alzheimer's Australia from Access Economics called "*Delaying the Onset of Alzheimer's disease: Projections and Issues*" was launched. The report which suggested that investment in dementia research could pay huge dividends in the longer term and was critical to reduce the impact of dementia in the future. Delaying the onset of Alzheimer's disease by only five years could reduce the number of new cases by the middle of the century by almost half.

Alzheimer's Australia and Alzheimer's Australia Research agreed to fund jointly a position in the National Office during 2004/2005, which would perform a number of functions needed by both organisations. These have included advancing the 'Dementia research mapping in Australia' project, developing the research part of the Alzheimer's Australia website for consumers, better positioning Alzheimer's Australia and Alzheimer's Australia Research to respond to media requests for information, and administration and publicity of AAR research grants.

Having a staff member with a neuroscience background has proved to be of considerable benefit in progressing the work of Alzheimer's Australia Research, especially in regards to the increased workload of the grant assessment process. It has also strengthened the support that can be provided to the AAR Board.

It is particularly pleasing that in the course of the last year the AAR research fund has increased substantially. We hope that with heightened interest in dementia research and the increased fundraising potential of AAR, the funds available for dementia research in Australia will continue to grow.



Glenn Rees
Company Secretary

The Role of Alzheimer's Australia Research

AAR is the research arm of Alzheimer's Australia, established as a separate not-for-profit company to promote, disseminate and fund research into all aspects of dementia.

Why is Research Important?

Research has real potential to lessen the impact of dementia, through reducing the number of people who develop dementia and by creating a better quality of life for those who are living with dementia.

Australia must invest in dementia research now, to help reduce the present and future impact of the dementia epidemic in Australia. There is a small window of opportunity to find solutions as the numbers of people diagnosed with dementia will significantly increase in the future. Currently less than 0.3% of the total annual cost of dementia care in Australia is spent on research.

AAR aims to support the research effort in Australia through directly funding research, advocating for increased research spending, distributing research information and publicising research findings.

Research Grants

AAR actively encourages dementia related research in Australia by providing annual grants and scholarships. Research grants are available in many areas of dementia research including biomedical research, prevention and dementia care. AAR has established a research fund with the target of \$5 million annual funding for research by 2008.

Supporting New Researchers

A key priority is to support emerging Australian researchers to become involved in dementia research. AAR provides new investigator grants, doctoral scholarships and travel fellowships to new researchers on a competitive basis.

Research Collaborations

AAR has entered into partnership with the National Health and Medical Research Council to provide a joint research fellowship. AAR welcomes research collaborations and partnerships to promote Australian dementia research.

Promoting Australian Dementia Research

AAR aims to increase the profile of dementia research in Australia through publications, fundraising activities, media events and Dementia Awareness Month.

Scientific and Medical Panel

Alzheimer's Australia Research and Alzheimer's Australia have established a Scientific and Medical Panel led by Professor Henry Brodaty to advise on research priorities and on the latest developments of dementia research worldwide as well as assist in assessment of grant applications.

2004 Dementia Grants Program

As part of its commitment to Australian dementia research, AAR manages an annual Dementia Grants Program. Several grants and scholarships were offered in the 2004 Dementia Grants Program. Below are summaries of the successful projects from 2004.

2004 Alzheimer's Australia Research Ltd Dementia Grants

The Alzheimer's Australia Research Ltd Dementia Grants are seeding grants up to the value of \$15,000, allocated for researchers who are relatively new to research. These new investigator grants are typically awarded in both biological and psychosocial research areas.



Dr. Ann Clarke, Curtin University of Technology Promoting health and physical activity for carers and people with dementia

Most people with dementia living in the community have at least one carer, usually a spouse or relative. Carers are crucial in assisting people with dementia to remain in the community. When there is no carer, or when the carer is stressed, the likelihood of institutionalised care increases. The ability of carers to provide community care has implications for reducing health care costs; however this may occur in the face of significant costs to the carer's own health, wellbeing and ability to engage in health promoting behaviour such as physical activity.

Interventions that are designed for carers to improve coping, reduce morbidity and reduce economic burden on the health system are required. Previous research has not focused on factors such as social participation, physical health, reducing chronic disease risk factors and general wellbeing of the carer and the effect on their ability to remain as carer. The benefits of exercise are well recognised, but seldom available to carers and people with dementia who live in the community.

This study aims to evaluate a program that promotes physical activity participation by both carers and people with dementia and to trial the feasibility of a support group that provides physical activity for the carer and the person they care for in comparison to "usual" style support groups. The benefits of this grant will be the development of pilot data to be used to seek funding for a randomised control trial of dementia carer support groups.



A social support group (left) and participants enjoying a fitness walk (right) as part of Dr. Clarke's study into the benefits of physical activity for people with dementia and their carers.



Dr. Glenda Bishop, Monash University
Differential effects of the secondary structure of A β on neuronal viability and synaptic integrity

The present study aims to investigate the differences between soluble and insoluble forms of Amyloid beta protein (A β), and how these forms affect neuronal viability and synaptic integrity in the brain. A β protein deposits are found in high numbers in the brains of people with Alzheimer's disease and are believed to play a role in the disease process.

Two hypotheses will be tested *in vitro* and *in vivo*: (1) That oligomeric A β causes more neuronal loss than soluble or fibrillar A β ; and (2) That oligomeric A β causes more synaptic loss than soluble or fibrillar A β . This study will apply various concentrations of soluble, oligomeric and fibrillar A β_{1-42} to primary cultures of cortical neurons and determine the amount of cell death and synaptic loss after treatments lasting from hours to days. An *in vivo* model will also be utilised, where soluble, oligomeric and fibrillar A β_{1-42} will be injected into the hippocampus of adult rats and the neuronal loss and synaptic loss associated with injections will be determined and compared to control injections of the reverse peptide A β_{1-42} . It is expected that oligomeric A β will cause more neuronal and synaptic loss than either soluble A β or fibrillar A β , both *in vitro* and *in vivo*.

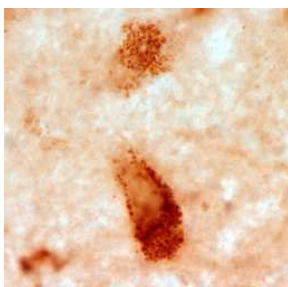
These data will help to clarify the differential effects associated with the secondary structure of A β . It is important to clarify differential effects of A β to better target and develop new drug therapies.



Dr. Gilles Guillemain, St. Vincent's Hospital, Sydney
The involvement of quinolinic acid and other tryptophan catabolites in the pathogenesis of Alzheimer's disease

We have identified a new neurotoxic mechanism involved in Alzheimer's disease. Our research team has demonstrated that quinolinic acid, a substance that is toxic to brain cells, is over produced in the brains of patients with Alzheimer's disease. The toxin is especially highly concentrated in and around the senile plaques. This study follows on from our previous results that one of the main components of the plaques (amyloid beta protein) is able to induce the production of the toxin quinolinic acid from the brain's immune cells (named microglia). Accumulation of the toxin quinolinic acid leads to neuroinflammation and brain cell dysfunction and death. Our current research aims to identify the multiple mechanisms involved in quinolinic acid toxicity.

One of the exciting aspects of this research is that several drugs that can block quinolinic acid formation are under investigation by our research team and other groups. Moreover, some of these drugs are in or about to enter clinical trials for treatment of other diseases such as epilepsy and stroke. Because these drugs have already been developed, the amount of time needed for new drug development could be markedly reduced. However, these drugs are not yet available and would need to be rigorously trialled in people with Alzheimer's disease before becoming available.



Results arising from this study will open a new and important therapeutic door for patients with Alzheimer's disease and possibly several other brain diseases including Huntington's disease, schizophrenia, amyotrophic lateral sclerosis, Down syndrome, multiple sclerosis and Parkinson's disease.

Image of a brain cell strongly stained for quinolinic acid, illustrating the build up of quinolinic acid in Alzheimer's disease.

2004 Alzheimer's Australia Research Ltd Travelling Scholarship

The AAR Travelling Scholarship provides funding (up to the value of \$15,000) to enable an Australian researcher to study dementia overseas. The scholarship is provided to facilitate research that would not be possible in Australia. The recipient must endeavour to return to Australia upon completion of the scholarship in order to bring new knowledge and techniques back to Australia.



Dr. Clement Loy, National Hospital for Neurology and Neurosurgery, London
Clinical, imaging and pathological features of patients with frontotemporal dementia: the Queen Square cohort

The Travelling scholarship has enabled Dr. Loy to work at the Dementia Research Centre of the National Hospital for Neurology at Queen's Square in London. The aims of his project were to characterise the clinical, imaging and pathological features of Queen's Square patients with frontotemporal dementia, leading to a customised data library for future research.

Frontotemporal dementia is a type of dementia characterised by degeneration of the frontal and temporal brain regions. One in seven people with dementia under the age of 65 is likely to have frontotemporal dementia. Symptoms of frontotemporal dementia include prominent behavioural and personality changes, as well as changes in cognition including specific language difficulties.

Dr. Loy's research concerned abnormal eating habits in people with frontotemporal dementia. These abnormal eating habits may include excessive eating, food fads, development of a sweet-tooth, and can sometimes take an extreme form. By comparing MRI scans of people with and without abnormal eating habits, Dr. Loy and colleagues at the National Hospital for Neurology in London were able to identify brain regions involved in abnormal food preferences as well as explore brain hormone levels in people with abnormal eating habits.

Abnormal behaviour in dementia presents a significant burden for people with dementia and their carers, and current therapy is mainly symptomatic. These preliminary studies may give us a better understanding of the biology behind behavioural problems in dementia and eventually translate to more effective therapy.

The Travelling scholarship has allowed Dr. Loy to learn new skills and carry out research which is otherwise difficult to do in Australia. These skills will be put to good use in his PhD studies through the Garvan Institute of Medical Research & the Cognitive Disorders Clinic at Prince of Wales Hospital.



2005 Dementia Grants Program

The 2005 AAR Dementia Grants Program offered a larger range of grants than in previous years. The grants were advertised in March 2005 and applications closed on 24 June 2005. The grants offered in the 2005 Dementia Grants Program are listed below.

New Investigator Grants

- 3 AAR Dementia Research Grants of \$15,000
- Rosemary Foundation Loader Research Scholarship of \$10,000

Travel Scholarships

- Alzheimer's Australia Research Travelling Scholarship of \$15,000
- Rosemary Foundation Travelling Fellowship of \$5,000

PhD Scholarship

- Hunter Doctoral Research Scholarship into the Causes of Alzheimer's Disease (\$20,000 per year for 3 years)

Special Focus Grants

- Hazel Hawke Research Grant in Dementia Care of \$20,000
- AAR Grant in Dementia Prevention and Risk Reduction of \$20,000

Alzheimer's Australia Research was very pleased with the response to the 2005 Dementia Grants Program. Approximately double the number of applications was received in the 2005 program compared to 2004. Notably, there was a very strong interest in the Hazel Hawke Research Grant in Dementia Care, indicating the importance of providing funding for this type of research.

The grant assessment process is expected to be finalised in early September 2005 with input from the Scientific and Medical Panel.



Professor Henry Brodaty, Chairman of AAR and Chair of the Scientific and Medical Panel, speaking at the Alzheimer's Australia National Conference, held in Sydney in May 2005.

Partnership with the National Health and Medical Research Council

Alzheimer's Australia Research has formed its first external funding partnership with the National Health and Medical Research Council (NH&MRC), the premier health research funding body in Australia. Together with the NH&MRC, AAR will fund a Biomedical Career Development Award (R. Douglas Wright Fellowship) for 5 years. Associate Professor Pradeep Nathan of the Department of Physiology, Monash University and the Department of Nuclear Medicine and Centre for Positron Emission Tomography (PET), Austin Health, was awarded this fellowship in 2004.

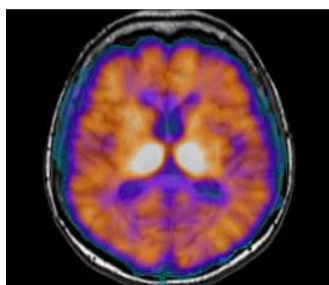


Associate Professor Pradeep Nathan Neurochemical Basis of Cognitive Function in Alzheimer's Disease

Associate Professor Nathan's research utilises the emerging technique of molecular neuroimaging (PET Imaging), which allows for the visualisation of brain structures and activity, and the tracking of changes in the brain over time. The research project will enable assessment of early changes in the brains of people with Alzheimer's disease as well as increasing understanding of the role of a number of brain chemicals (i.e. neurotransmitters) in various cognitive processes such as attention and memory.

One of the hallmarks of Alzheimer's disease is the loss of brain cells that use a chemical called acetylcholine to communicate with other cells. These changes in the brain occur before any of the behavioural or cognitive signs of Alzheimer's disease are apparent. Thus, these early changes are important in understanding the progression of Alzheimer's disease in the brain over time. Currently, there is no method to measure the loss of these cells in the living brain and it is not known how this may affect learning and memory processes in people with Alzheimer's disease.

This research will be significant in helping to understand the effects of early changes in the brain on memory and cognition. Eventually this may help to design better methods for the early diagnosis of Alzheimer's disease, by visualising the changes to brain proteins and cells prior to the onset of memory and behavioural symptoms. Early diagnosis is becoming increasingly important as new therapies for Alzheimer's disease become available. Through continuing research, we can help to understand the pathology of Alzheimer's disease and through this understanding, to develop new diagnostic techniques and treatments.



This figure shows and PET Image of the distribution of Nicotinic receptors in the brain using ^{18}F -A-85380 and PET Imaging. This receptor or protein is reduced in people with Alzheimer's disease.

Consumer Medication Survey

Also in 2004/2005, Alzheimer's Australia Research provided funding support for the Consumer Medication Survey. This was carried out by Alzheimer's Australia, the Rehabilitation Studies Unit, University of Sydney and Dr Susan Kurrle. People with dementia and their relatives and carers were surveyed about their experience with drug treatments for Alzheimer's disease, representing the first time that consumers in Australia have been asked about their experience of medications for Alzheimer's disease.

The Consumer Medication Survey was distributed through the State/Territory member organisations of Alzheimer's Australia, medical specialists, general practitioners and aged care services and online, commencing in September 2004.

The full report is available on the Alzheimer's Australia web site (www.alzheimers.org.au). The next steps for the project involve a comparison with data from the Pharmaceutical Benefit Scheme (PBS).

Key findings of the Consumer Medication Survey include:

- Of the 1,226 people who responded to the survey, 90% (1,104) reported receiving a drug for the treatment of dementia.
- Of the 1,104 respondents reporting some experience with a dementia drug, 798 (72%) reported that they were currently taking one of these treatments at the time of survey completion.
- The most commonly reported cholinesterase inhibitor medications used were (in order) Aricept, Reminyl and Exelon. 14% of those with experience of the medications had tried Ebixa, even though it is not subsidised under the Pharmaceutical Benefit Scheme (PBS).
- 70% of those who had experience of drug treatments for dementia felt they were effective.
- 76% of all respondents (including those who have never used dementia medications) would advise family or friends with Alzheimer's disease to take the dementia medications.

**Alzheimer's Australia Research Ltd.
ACN 081 407 534
Financial Report
For the year ended 30 June 2005**

Financial information was extracted from the audited financial statements of Alzheimer's Australia Research Ltd., for the year ending 30 June 2004 and is included here for information purposes only.

A full copy of Financial Statements, including Notes to the Financial Statements and the Audit Opinions, can be obtained free of charge on request from Alzheimer's Australia Research Ltd., PO Box 4019, Hawker ACT 2614.

BARRETT & PARTNERS – DFK

Certified Practising Accountants

PARTNERS

Ronald E Barrett FCA

Anthony D Macri FCPA

Domenic A Macri CPA

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF: ALZHEIMER'S AUSTRALIA RESEARCH LIMITED

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Alzheimer's Australia Research Limited for the year ended 30 June 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position and of its performance as represented by the results of its operations and cash flows.

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

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

28 Thorogood Street Burswood Western Australia 6100
PO Box 398 Victoria Park Western Australia 6979
Telephone: 08 9470 4848 Facsimile: 08 9470 4849
Email: mail@dfkperth.com

A member firm of



A worldwide association of independent
accounting firms & business advisors

BARRETT & PARTNERS – DFK

Certified Practising Accountants

PARTNERS

Ronald E Barrett FCA

Anthony D Macri FCPA

Domenic A Macri CPA

INDEPENDENT AUDIT REPORT cont'd

TO THE MEMBERS OF: ALZHEIMER'S AUSTRALIA RESEARCH LIMITED

INDEPENDENCE

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

QUALIFICATION

Due to the nature of income being mainly from donations, it is not practicable to establish control over all income prior to its initial entry in the accounting records, nor is it practicable for us to circularise possible contributors to confirm that all contributions have been recorded. Our examination of income was therefore limited to the amounts recorded in the accounting records.

QUALIFIED AUDIT OPINION

In our opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph, the financial report presents fairly, in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



BARRETT & PARTNERS – DFK
CERTIFIED PRACTISING ACCOUNTANTS
1ST FLOOR, 28 THOROGOOD STREET
BURSWOOD WA 6100



A MACRI
PARTNER

PERTH
DATED THIS 4TH DAY OF NOVEMBER 2005.

28 Thorogood Street Burswood Western Australia 6100
PO Box 398 Victoria Park Western Australia 6979
Telephone: 08 9470 4848 Facsimile: 08 9470 4849
Email: mail@dfkperth.com

A member firm of
DFK
INTERNATIONAL

A worldwide association of independent
accounting firms & business advisors

Alzheimer's Australia Research Limited
(ACN 081 407 534)

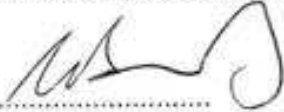
Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes present fairly the company's financial position as at 30 June 2005 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



Director



Dated this

fourth

day of November 2005

ALZHEIMER'S AUSTRALIA RESEARCH LIMITED
(ACN 081 407 534)

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

| | Notes | 2005 \$ | 2004 \$ |
|---|-------|----------------|----------------|
| Revenues from ordinary activities | 2 | 220,701 | 266,030 |
| Expenses from ordinary activities | | <u>55,910</u> | <u>105,712</u> |
| Profit (Loss) from ordinary activities attributable to the company | 3 | <u>164,791</u> | <u>160,318</u> |
| Total changes in equity of the company | | <u>164,791</u> | <u>160,318</u> |

The accompanying notes form part of these Financial Statements

ALZHEIMER'S AUSTRALIA RESEARCH LIMITED
(ACN 081 407 534)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

| | Notes | 2005 \$ | 2004 \$ |
|----------------------------|-------|-------------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash Assets | 4 | 1,244,244 | 766,170 |
| Receivables | 5 | 37,352 | 241,239 |
| TOTAL ASSETS | | <u>1,281,596</u> | <u>1,007,409</u> |
| CURRENT LIABILITIES | | | |
| Provisions | 6 | 171,196 | 61,800 |
| TOTAL LIABILITIES | | <u>171,196</u> | <u>61,800</u> |
| NET ASSETS | | <u>1,110,400</u> | <u>945,609</u> |
| EQUITY | | | |
| Retained Profits | 7 | 1,110,400 | 945,609 |
| TOTAL EQUITY | | <u>1,110,400</u> | <u>945,609</u> |

The accompanying notes form part of these Financial Statements.

If you would like to know more about Alzheimer's Australia Research or make a donation please visit the Alzheimer's Australia website at www.alzheimers.org or contact us at:

Alzheimer's Australia Research Ltd.
PO Box 4019 Hawker ACT 2614

Tel: (02) 6254 4233

Fax: (02) 6278 7225

Email: aar@alzheimers.org.au

For more information about dementia or to learn about the services that Alzheimer's Australia provides in your State or Territory please visit the website www.alzheimers.org or call the National Dementia Helpline 1800 100 500.