



BioMelbourne Network

Annual Report 2013

www.biomelbourne.org



CURRENT BOARD MEMBERS

Mr Andrew Macdonald (Chairman) Reblan Pty Ltd (previously with Otek Australia)

Dr Ashley Bates (Treasurer) Bates Consulting (IDT Australia)

Dr Stella Clark Stella Connect

Dr Julian Chick Allied Healthcare Group

Mr Joe Baini Exec Factor (Immuron)

Ms Maureen O'Keefe College of Optometry (Walter and Eliza Hall Institute)

Dr Phil Kearney Merck Sharp Dohme Australia

Mr Alun Needham Ernst & Young

Dr Lorna Meldrum CSL (Ikaria Australia Pty Ltd)

Ms Michelle Gallaher (Secretary and Public Officer) BioMelbourne Network

The Secretariat

Ms Michelle Gallaher Chief Executive Officer

Ms Nicole Pitcher Administration Manager

Ms Anita Petris Event Manager

Mr Matthew Pitcher Administration Assistant (Intern)

Location

Milton House

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@biomelb & @BioPortalVic



BioMelbourne Network Group



Victorian BioPortal



BioMelbourne Network & Victorian Medtech



**BioMelbourne
Network**
Progressing BioIndustry

Highlights 2012/13

- Undertook major review of medtech in Victoria
- Developed a 2 year BMN medtech strategy to grow membership and to invest in further developing the Victorian medtech sector
- Launched the Devices and Diagnostics Laboratory – an annual event for medtech
- Leader of the Life Sciences delegation on the Victorian Premier's Super Mission to China
- Record attendance at the 5th annual Women in Biotech luncheon
- Recognised leader in social media for life sciences in Australia

Major Sponsors 2012/13

- **Avatar**
- **Victorian Government, Department of Business & Innovation**
- **Commonwealth Department of Innovation, Industry, Climate Change, Science, Research & Tertiary Education**
- **CSL**
- **City of Melbourne**
- **Davies Collison Cave**
- **Ernst & Young**
- **Phillips Ormonde Fitzpatrick**
- **Nexia Australia**
- **CSIRO**
- **The Melbourne Brain Centre**

Government Grants 2012/13

- **Commonwealth Department of Innovation, Industry, Climate Change, Science, Research & Tertiary Education (CEO Luncheon Series)**
- **Victorian Government, Department of Business & Innovation (D&D Laboratory)**
- **City of Melbourne (5 Year Strategy – mid term review)**

Message from the Chairman & Chief Executive Officer

2012/13 is characterized as a time of economic recovery in Australia, post GFC, yet the formulae for biotech growth and advancement has not returned to the same format as it was pre GFC. As the industry in Victoria recalibrates, the BioMelbourne Network has sought to determine new pathways to strengthen the Victorian biotech industry through targeted advocacy and investment in developing the membership and diversity of the program offered throughout the year.

Biotech analysts in the sector at this time describe an increasing divergence in the Australian biotech industry, with a cohort of companies continuing to achieve clinical and commercial milestones, with adequate access to capital and a larger cohort experiencing significant difficulties in attaining those attributes. Other factors in the economic environment impacting biotech include the high Australian dollars adversely effecting exporters, the first full year of operation for the R&D tax incentive and the Australian biotech sector's capabilities in accessing capital in overseas markets.

The performance of the BioMelbourne Network often reflects the performance of the wider Victorian biotech sector. The BioMelbourne Network, as a regional industry association for the biotech sector directly feels the pressure of the environment on member organisations, as those who are adversely affected pull back membership, reduce attendances at events and engage less frequently in networking, sharing of information, advocacy and industry development opportunities.

The performance statistics on the Victorian biotech sector suggest a tough environment, yet one in which many companies remain optimistic and achieving results. For example, in the past 5 years the sector has seen only one Victorian IPO and a handful of start ups and venture capital investment into Victorian companies is almost equivalent to the value invested in 2005, actually decreasing by 3%. Victorian companies raised \$105million in 2011/12 which was 44% and 27% lower respectively than funds raised for the previous two years, yet Victorian biotech invested a record \$657 million into R&D in FY2012. There are 23 Phase III trials planned, pending or underway in Victorian biotech's (up from 22 in 2011) and Victorian companies generated revenues of \$8.2billion in 2012, an increase of 7.6% from the previous year.

The divergence in the biotech sector will create a new set of demands on the BioMelbourne Network as did the GFC period. Fortunately the Network is nimble and observant enough to be able to recognize the shifts and respond directly and indirectly to the changing needs of its members and the broader health innovation industry.

BioMelbourne Network continues to monitor the sector outside the membership for change and has identified the growth opportunity in the medical devices and diagnostics sector in Victoria, which makes up the core development opportunity in this business plan.

The Network has reached an important milestone in 2013 – it now has ten years of performance data to reflect upon, assisting the organization in understanding its position over time as well as highlighting the Network's responsiveness to the vastly different economic environment of 2004-2007, followed by the GFC and then the couple of years of recovery that we have been experiencing. Understanding the Network over the past is important to be able to determine how the organization needs to recalibrate to address the future.

The organisation's primary role has been to **support, enable** and **connect** the Victorian biotechnology sector.

The three critical success factors identified through the research that informed the 5 year Strategic Plan will continue to be adopted and delivered upon throughout 2013-14 only this year the target audience expands to encompass medtech as well. Composition, diversity and participation of the membership itself, the quality, timeliness, relevance and regularity of the engagement opportunities and the central role the Network plays as an advocate and promotion agency for Victoria biotechnology sector are the three central critical success factors identified in the development of the 5 years strategy.

2012/13 has been a watershed year for BioMelbourne Network as the organization prepares to reach out to embrace an emerging sub group of the Victorian life sciences sector – medtech – medical devices, health diagnostics and instrumentation.

The identification and alignment of the Victorian medtech sector with the BioMelbourne Network and the Victorian biotechnology industry generates a significant new opportunity for the Network to deliver improved value for existing and new members, access to a new membership pool, continued collaboration with Victorian Government innovation policy and programs and in turn improve the financial sustainability of the Network.

A major research report undertaken by BioMelbourne Network early in 2013, demonstrated that the Victorian medtech sector is larger than many suspect and is in need of a stronger advocacy voice in Victoria and greater connectivity, both of which the Network can provide. The Victorian medtech sector and BioMelbourne's strategy to support and advance this sub sector offers one of the most exciting pathways for the Network to diversify and enrich the organization and the industry, in the history of the Network. BioMelbourne Network has, over the past year, provided a solid foundation for growth and a strategy to investment in diversity.

The BioMelbourne Network board continues to provide guidance, connections and a focus on relevance so as the organization may continue to deliver value for its members and the stakeholders it work with. The Board is made up of representatives of the Network's members, each of whome give their time and advice generously as volunteers.

The BioMelbourne Secretariat, though a small group, continues to offer a large program, 36 events, designed to educate, engage and inform alongside a continuous advocacy program that promotes, supports and provides a unified voice for the Victorian biotechnology sector.

Both the board and the Secretariat make up a committed and passionate team that strives to keep Melbourne the biotech capital of Australia and one of the leading science cities in the world.

Andrew Macdonald

Michelle Gallaher

Chairman

Chief Executive Officer

Victorian Biotech – a Year in Review

The Victorian biotech sector – a June 2013 snapshot

Approximately 260 operational life science companies are based in Victoria with a market capitalization over \$30b (Blake Industry & Market Analysis Pty Ltd December 2012) and \$657million invested into the LifeSciences sector in FY2012. Victorian companies generated total revenue of \$8.2billion, and increase of 7.6% on the previous year.

There are 62 products in clinical development (PhII & PhIII) with an estimated \$16.1million invested by venture capital companies into Victorian life science companies in FY2012. Biotech investment funds based in Victoria has an estimated \$630million in funds under management.

The GFC impact on the biotech sector in Australia is in no doubt. Within two years the GFC wiped out 19 biotechs. Since 2007 the number of biotech companies has dropped by 27% to 95. Despite this fact, the sector's market capitalization has made a very impressive recovery.

Scientific American's World View (June 2012) ranks biotech destinations around the world in its June publication, coinciding with BIO. In June 2013, the magazine scored Australia in 7th place, an improvement from 10th place on last year. As Melbourne has the largest biotech cluster supported by the largest medical research cluster in the country it's reasonable to draw the conclusion that Australia's strength in biotechnology is to a large degree drawn from the state of Victoria.

After its first year of operation, the federal government's R&D tax incentive has made a measurable difference, delivering benefit to the vast majority of Victorian biotechs. The tax incentive also acts to draw attention to Australia as a biotech and research destination from foreign companies.

Late in the financial year biotechs were preparing for a weaker local currency against the greenback. An Australian dollar closer to US90¢ has a major impact on where investment dollars flow on the sharemarket, benefiting a number of Melbourne biotechs in the export market. Major beneficiaries would be those companies that earn a large portion of their income in the US such as CSL and Cogstate, for example.

In general, federal government grants are not able to meet the demand for capital in biotechnology and though many are well targeted and very valuable, they are usually competitive, need to be matched 50:50, not sufficiently large enough to meet the need, time consuming and relatively high risk (in terms of the work involved in applying for a grant versus the odds of securing it). In comparison, Victorian granting programs for biotech are typically not of the same ilk. The Victorian innovation voucher program and the companion technology voucher programs are very successful and well targeted to biotech and medtech. They have provided a valuable incentive for SME's to connect and utilize publically funded research organisations for commercial benefit.

Legislative and Tax change

The *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* received Royal Assent on 15 April 2012, and as such most provisions will take effect from 15 April 2013. This is the most significant amendment to Australia's intellectual property laws since the commencement of the *Patents Act 1990* and a major advocacy focus for AusBiotech and BioMelbourne Network for the past two years. In May the Government introduced another IP Laws Amendment Bill to Parliament the "Intellectual Property Laws Amendment Bill 2013". The most significant reforms in over 20 years to Australia's IP framework have now come in to effect.

June 2012 marked the first full year of the implementation of the R&D tax incentive with the vast majority of Victorian biotech's successfully accessing the scheme. Unfortunately a number of biotech cannot access the scheme due to having a turnover higher than the \$20 million ceiling despite being in loss. These companies such as Universal Biosensors and Compumedics, are exactly the type of company that should be able to access an R&D tax offset but cannot under the current scheme. BioMelbourne continues to make submissions representing Victorian biotech highlighting how proposed amendments such as quarterly payments, for example, would be beneficial to the advancement of the biotech industry in Melbourne.

Advocacy with government

BioMelbourne Network enjoys a longstanding and productive relationship with the Victorian State Government, particularly the Department of State Development, Business and Innovation. The relationship provides a mutually beneficial platform to discuss, collaborate and implement opportunities for the Victorian biotech and medtech sectors. The BioMelbourne Network is a representative of the Victorian Biotechnology Advisory Council.

The City of Melbourne has been a consistent collaborator with the BioMelbourne Network for more than a decade seeking to advance the biotech sector in the CBD. The City of Melbourne recognises biotech as a key industry group within the city and provides significant benefits for CBD-based organisations as well as extending support to the wider biotech industry by sponsoring and supporting local and international initiatives.

The BioMelbourne Network is a state-based organisation with a clear bias towards the Victorian biotech industry. Yet we recognise that as Victoria is the premier biotech and medical research state, BioMelbourne also has a supporting role in the national biotech agenda. For the past five years the BioMelbourne Network has been the beneficiary of a number of grants from the Federal Government in support of unique programs that BioMelbourne offers to the Victorian sector. For two years the National Enabling Technology Strategy has supported the BioMelbourne Network CEO Luncheon Series, covering the cost of administration and research in developing and offering this most valued networking and peer learning opportunity. BioMelbourne Network also interacts with Federal Ministers representing Victorian electorate with an interest in biotechnology and generates submissions to national legislative and policy issues as they arise.

Local linkages

The BioMelbourne Network strives to ensure Victoria is the best networked, most collaborative state for biotechnology in Australia. This goal is achieved by establishing and maintaining high quality, relevant local and international linkages. Local linkages, in particular, are vital to minimise duplication of opportunities, enhance collaboration between like organisations with a similar purpose and access better use of limited resources together to deliver the greatest benefit to the local biotech and medtech sectors. In 2012/13 BioMelbourne has worked collaboratively with AusBiotech, Bio21 Cluster, CSIRO, The Melbourne Brain Centre, Ernst & Young, AusIndustry, STC Australia, Science in Public, Stem Cells Australia, Bio21 Institute and a large number of the members of the Network to host events, prepare submissions to government, train younger members of the sector, advocate to the media and to government and to share ideas and opportunities.

At 30 June 2013, the BioMelbourne Network has 177 member organisations. Membership subscriptions are the largest source of revenue for the Network and effectively ensures the financial sustainability and independence of the organization.

What is the BioMelbourne Network?

The BioMelbourne Network (the Network) is the peak industry forum for leaders in the Victorian biotechnology industry. The Network is based at Milton House, in Melbourne's central business district.

The BioMelbourne Network is a Not for Profit Industry Association under the Associations Incorporation Reform Act 2012 which has replaced the Associations Incorporation Act 1981. The new Act commenced on 26 November 2012. The BioMelbourne Network is regulated by the new Australian Charities and Not-for-profits Commission (ACNC).

Established twelve years ago, the organisation has continued to grow and support the Victorian biotechnology industry, the nation's largest and most successful biotechnology cluster. The Network has succeeded in positioning itself and maintaining the role of premier biotechnology leadership and peer learning forum in Victoria.



Dr Bethan Hughes and Dr Sarah Moulton, Wellcome Trust

The BioMelbourne Network has a membership of approximately 180 organisations that is representative of the broad Victorian biotechnology and research sector, including service providers.

The Network is funded by its membership and networking activities and has been financially independent since 2005.

At end June 2013 the Network has 177 member organisations engaging more than 2000 individuals within the membership. The BioMelbourne Network fosters strong links between companies, research organisations, financial markets and government, encouraging an environment for greater collaboration and providing a consistent platform for information sharing and gathering to support the further development of the sector.

The Network is an industry development and promotion agency for the Victorian biotechnology sector. The organisation plays a specific role as a facilitator, influencer and direction setter by drawing on the collective leadership interests of the sector to achieve benefit for the industry as a whole.

The Chief Executive Officer, Michelle Gallaher, commenced in July 2008. The secretariat staff comprise Anita Petris (Events Program Manager), Nicole Pitcher (Administration Manager) and

Connie Crisafi (Industry Development Manager) and Matthew Pitcher Administration Assistant (Intern).

The BioMelbourne Network has an independent Board made up of members who volunteer their service and advice.

The BioMelbourne Network was established by the Committee for Melbourne in 2001 and was incorporated as an independent association in 2003. The BioMelbourne Network received establishment grants from the City of Melbourne and the Victorian Government in 2002 and 2003 respectively and the mutually beneficial relationship with local and state government continues to this day.



Victorian Minister for Technology, Gordon Rich-Phillips (centre) with Anita Petris, Gerard Gibbs, Michelle Gallaher and Sandhya Trewari at AusBiotech 2012.

Strategic Direction

The Network's 5 Year Strategy (the Strategy) developed in 2010, tested and expanded upon each year, sets the organisation's vision, mission and strategic goals to drive the Network into the future and consolidate its position as Victoria's premier biotechnology forum offering ongoing support to Victoria's biotechnology sector as it continues to mature.

Vision

To maintain and grow Victoria's position as the premier biotechnology state and gateway to Australia's biotechnology and medtech sectors.

Mission

To **connect**, **support** and **enable** Victoria's biotechnology sector

Values

The BioMelbourne Network adheres to and promotes the following values:

Leadership	Demonstrating leadership on critical issues for the sector and ensure Victoria continues to be Australia's leading biotechnology state.
Responsive	To our members' needs. In providing information, assistance and access in order to address the Victorian biotechnology sector's immediate and longer term needs.
Relevance & quality	In the delivery of services that satisfy the needs of our members
Diversity	In our membership base, embracing new frontier technologies
Accountability	Answerable to our board and broader membership. Operating transparently and at the highest professional standards.



Premier's Super Mission to China September 2012 – The Victorian life Sciences Delegation

BioMelbourne Network: 2012/13 Review

1. Membership - *To develop and diversify the BioMelbourne Network's membership base.*

As at 30 June 2013, **the Network's membership comprised 177 members**

The Network's membership base has traditionally comprised biotechnology companies and service providers to the sector. In 2011/12 the Network focused on broadening its membership, recruiting new members in medical devices and life science technologies. BioMelbourne achieved 28 new members in the past year.

The Network will continue to take advantage of the growing convergence of biotechnology with medtech to identify new potential members while continuing to deliver regular quality and relevant services to existing members.

2. Advocacy - *To strengthen the BioMelbourne Network's advocacy role in the broadest sense, being timely and relevant on issues of importance to the industry.*

Highlights for the year include:

- Developed the following **submissions**:
 - Quarterly R&D Tax Credits Review
- Led the Life Sciences Delegation in the Victorian Government's Super Mission to China 2012.
- Attended and exhibited at BIO2012 in Chicago.
- Attended and exhibited at AusBiotech in Melbourne.
- Michelle Gallaher is a member of the **Victorian Government's Biotechnology Advisory Council**.
- Met with **Federal parliamentarians**, including The Hon. Adam Bandt, Greens Senator, Science & Innovation Portfolio and The Hon. Kelly O'Dwyer, Member for Higgins as well as a number of bureaucrats within the Department of Innovation, Industry, Science, Research and Tertiary Education.
- The Network continued to grow and diversify its interest in social media and to advocate as a leader in the new communication paradigm. Social media channels such as Twitter and LinkedIn were employed to promote events, news and draw attention to Melbourne's biotech and research sector to national and international audiences.
- **Consulted with the Victorian Department of State Development, Business and Innovation** on a wide number of initiatives relevant to the biotechnology industry.
- Consulted with and provided advice to **Skills Victoria on skilled migration** in life sciences.
- Developed articles for the **Invest Victoria blog** and posted weekday **Twitter** messages highlighting Victoria's biotechnology capabilities to a national and international audience.
- Delivered **media interviews & backgrounders** referencing the Network and highlighting a number of individual members.

3. Skills and Learning - *To work in partnership with education providers and the wider industry to foster greater peer learning and support activity that attracts and retains high quality talent in Victoria.*

- The Network's calendar of events, including monthly **BioBreakfasts, BioBriefings, BioWorkshops and CEO Luncheons** provide the local sector with a valuable peer to peer professional development opportunity and build critical connections across the sector.
- **In 2012/13 the BMN delivered 36 events that attracted almost 2,000 participants.**

3.1 BioBreakfasts

The Network's BioBreakfast program is a series of monthly networking and commercialisation seminars targeted at the executive managers and decision makers in Victoria's biotechnology sector.

03 Jul 2012	<p>CRC Scorecard</p> <p>Prof Tony Peacock (CRC Association)</p>
14 Aug 2012	<p>BioMarkers making a mark in cancer therapeutics</p> <p>Prof Paul Waring University of Melbourne</p>
11 Sept 2012	<p>Melbourne's Neural Networks – The Melbourne Brain Centre</p> <p>Prof Geoffrey Donnan (Florey Institutes) Tina Soulis (NeuroScience Trials Australia) Kathy Connell (Janssen) Prof Ian Smith (VBIC)</p>
16 Oct 2012	<p>Understanding what drives successful uptake of innovative products</p> <p>Prof David Anderson (Burnet Institute) Cameron Simmons (University of Melbourne)</p>
13 Nov 2012	<p>Big Technologies for pint sized patients</p> <p>Dr Julian Chick (Allied Healthcare Group) Dr Christopher Wraight (Ottifex) Mr Ross MacDonald (Hatchtech)</p>
05 Feb 2013	<p>Artificial blood components: a future supply for the blood industry</p> <p>Dr David Irving (Red Cross Blood Service) Dr Darryl Maher (CSL)</p>
05 Mar 2013	<p>The Hon. Adam Bandt & The Hon. Kelly O'Dwyer</p> <p>David Langsam (Biotech Daily) Dr Craig Rayner (d3)</p>
09 Apr 2013	<p>The Partner Accelerator – CSIRO</p> <p>Dr Peter Hudson (Avipep) John Sharman (MDI)</p>
14 May 2013	<p>Are generics a safe haven for pharma's perfect storm</p> <p>Mr Tim Oldham (ex Hospira) Steven Werkheiser (Thompson Reuters)</p>
11 June 2013	<p>Innovation Industry Precincts</p> <p>Michelle Gallaher (BioMelbourne) Ros Hore (CSIRO) Phillip Leslie (GSK)</p>

3.2 BioWorkshops: regular sector specific professional learning and development session covering a wide range of topics. The leadership group of the sector is invited to speak at BioWorkshops to which they volunteer their time and expertise, for the benefit of others who learn from their shared experiences. BioWorkshops are planned and developed over a period of time.

20 Nov 2012	Tax effective deal making Helen Fisher (Deloitte) Host : Deloitte
21 Feb 2013	Devices & Diagnostics Laboratory 20 speakers
12 June 2013 Mar 2012	Corporate Governance Changes for NFP Tim Clarke George Rait Host: Piper Alderman

3.3 BioBriefings: intensive knowledge sharing sessions on issues critical to the development of the Victorian biotechnology sector. BioBriefing are developed typically as issues arise in very short time frames. The key success factor for BioBriefings is often timeliness.

7 June 2012	Japan: Key Insights for Australian bio-success Dr Masahori Murayama AngesMG Mr Takashi Tsuchiya JETRO Mr Katsumi Maruyama V2V Host: City of Melbourne
7 Aug 2012	Victoria-China Knowledge Network Ms Jenny Petering FB Rice Ms Michelle Gallaher Prof Andrew Wilkes SynTHESIS MedChem Host / Sponsor: FB Rice
22 Aug 2012	Knowing When to Call it Quits Dr Julian Chick Allied Healthcare Group Dr Stewart Washer (Immuron) Mr Paul Duske Mr Brad Ross-Sampson Mr David Blake (BioShares) Host: Nexia Australia
11 Oct 2012	R&D Tax Incentive : Latest Insights Mr Alun Needham Dr Liz Dallimore Mr Andrew Wollard

	Mr David Petersen Host / Sponsor: Ernst & Young FOC for BioMelbourne Members.
4 May 2012	R&D Tax Incentive: Latest Guidance. Making Your Claim This Financial Year Speakers : Ernst & Young Host / Sponsor: Ernst & Young Free for BioMelbourne Network Members
29 Nov 2012	Securing Future Harvests Mr Rob Hall (Bayer Crop Sciences) Host / Sponsor: Russell Kennedy
27 Mar 2013	Wellcome Trust : Translation Fund Dr Sarah Molton Dr Bethan Hughes Host / Sponsor: Nexia Australia
23 Apr 2013	Medicines for Malaria Venture Dr David Reddy (MMV) Host / Sponsor : Deloitte
9 May 2013	Rethinking Your Patent Strategy Mr Michael Caine Dr Bill Pickering Dr Tania Obranovich Host / Sponsor : Davies Collison Cave
13 June 2013	R&D Tax Incentive Update Mr Alun Needham Mr Hank Sciberras Host / Sponsor: Ernst & Young

3.4 CEO Luncheon Series: provide an opportunity to meet and build relationships with decision makers at the executive level in the Victorian biotechnology sector.

The CEO Luncheon Series for 2012/13 was sponsored by the Commonwealth Department of Industry, Innovation, Science, Research and Tertiary Education under the National Enabling Technology Program. Funding for the CEO Luncheon Series is critical in ensuring the series can be maintained as a free of charge event for members. BioMelbourne wishes to acknowledge and thank the Department for their continued support for one of the Network's most valued events by the membership.

27 July 2012	The Hon. Mark Dreyfus Host / Sponsor : Griffith Hack
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15 Aug 2012	<p><i>Towards a National Food Plan</i></p> <p>Mr Matthew Cossey (Crop Life) Host / Sponsor: Russell Kennedy</p>
18 Sept 2012	<p><i>Life After Acquisition</i></p> <p>Mr Robert Hendriks (Genzyme Australia) Host / Sponsor: Davies Collison Cave</p>
29 Oct 2012	<p><i>Global Competitor Intelligence in Pharma</i></p> <p>Dr Daniel Pascheles (Merck & Co) Host / Sponsor: Freehills</p>
23 Nov 2012	<p><i>Does Melbourne Need an Independent Clean Tech Industry Association</i></p> <p>Mr Andrew Macdonald (Otek) Host / Sponsor: Norton Rose</p>
13 Feb 2013	<p><i>Springboard Australia</i></p> <p>Ms Kay Koplovitz (Springboard USA) Host / Sponsor: Phillips Ormonde Fitzpatrick</p>
21 May 2013	<p><i>End of Financial Year Round Up</i></p> <p>Mr Hans Kunnen (Bank of Melbourne) Ms Denise Brotherton Host / Sponsor: Ernst & Young</p>

5th Connecting Women in Biotech Luncheon

Friday 31st May, the Network hosted the 5th annual Connecting Women in Biotechnology Luncheon in Melbourne's historic Mural Hall. A record 430 women from the Victorian biotechnology sector came together, as they do each year, to network, celebrate and share experience and knowledge. The event is an ongoing success for BioMelbourne attracting guests from interstate and overseas.

The format of the lunch includes interviews with three women in leadership roles in the Victorian sector. This year Dr Jane Ryan (Biota), Ms Dominique Fisher (Circadian) and Dr Cathy Foley (CSIRO) were interviewed.

Sponsorship of this event is critical to its ongoing success. This year our sponsors were: CSL, City of Melbourne, Victorian Government, Walter & Eliza Hall Institute, Phosphagenics, Phillips Ormonde Fitzpatrick, MCVB, Norton Rose and Starpharma.



The Network's 2012 "Connecting Women in Biotechnology Luncheon", Mural Hall.

- 4. Linkages** - *To develop and deepen the BioMelbourne Network's local and international linkages and connections to the benefit of the membership.*
- The Network was a part of the Victorian Government display on the Australian pavilion at BIO2012 in Chicago.
 - Meetings with the following **international visitors** were convened during the year:
 - The Network also hosted events featuring prominent speakers from around the globe, including:
 - Dr David Reddy, Medicines for Malaria Venture (Switzerland)
 - Dr Daniel Pascheles, Merck & Co (USA)
 - Wellcome Trust (UK)
 - Dr Hiroaki Kitano, Systems Biology Institute (Japan)
 - Mrs Jiang, Nightingale Company Beijing (China)
 - Ms Kay Kopolovitz, Springboard (USA)
 - Dr Masahori Murayama AngesMG (Japan)

5. Organisational effectiveness - *To maximize organisational effectiveness.*

The Network has maintained a close watch on expenses throughout the year, identifying opportunities for cost savings and management of liabilities that has delivered a financial result reflecting the careful management of the Networks limited resources.

6. Financial sustainability - *To ensure the BioMelbourne Network's financial sustainability.*

The BioMelbourne Network has maintained adequate cash reserves in the past year to ensure the consistent delivery of quality services to members.

In the coming year the Network is focused on delivering a modest profit in 2013/14. The Network's financial sustainability is primarily linked to continuing to develop the membership. The 5 Year Strategic Plan and the forward business plan strives to diversify and grow the membership over the next 2 years.

BIOMELBOURNE NETWORK INC

ABN 30 219 606 495

Financial Report

For the year ended 30 June 2013

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Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	2	611,866	812,226
Office and administration expenses		77,243	91,277
Salaries and other employee benefits		368,678	444,429
Project and function expenses		154,661	144,499
Other expenses from ordinary activities		39,355	39,530
Total expenses		639,937	719,735
Profit/(Loss) before income tax expense		(28,071)	92,491
Income tax expense		-	-
Profit/(Loss) for the year	3	(28,071)	92,491
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(28,071)	92,491

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	4	181,288	154,603
Trade and other receivables	5	6,460	26,080
Other current assets	6	4,449	3,071
TOTAL CURRENT ASSETS		192,197	183,754
NON-CURRENT ASSETS			
Plant and equipment	7	11,896	17,801
TOTAL NON-CURRENT ASSETS		11,896	17,801
TOTAL ASSETS		204,093	201,555
CURRENT LIABILITIES			
Trade and other payables	8	57,510	34,604
Employee benefits	9	22,252	23,077
TOTAL CURRENT LIABILITIES		79,762	57,681
NON-CURRENT LIABILITIES			
Employee benefits	9	14,376	5,848
TOTAL NON-CURRENT LIABILITIES		14,376	5,848
TOTAL LIABILITIES		94,138	63,529
NET ASSETS		109,955	138,026
EQUITY			
Retained earnings		109,955	138,026
TOTAL EQUITY		109,955	138,026

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2013

	Retained Earnings	Total
	\$	\$
Balance as at 30 June 2011	45,535	45,535
Net profit/(loss) for the year	92,491	92,491
Balance as at 30 June 2012	138,026	138,026
Net profit/(loss) for the year	(28,071)	(28,071)
Balance as at 30 June 2013	109,955	109,955

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flow from operating activities			
Receipts in the course of operations		714,404	790,282
Interest received		318	1,579
Payments in the course of operations		(688,037)	(829,237)
Net cash provided by/(used in) operating activities	10 (b)	<u>26,685</u>	<u>(37,376)</u>
Cash flow from investing activities			
Payment for plant and equipment		-	(5,058)
Net cash used in investing activities		<u>-</u>	<u>(5,058)</u>
Net increase/(decrease) in cash held		<u>26,685</u>	<u>(42,434)</u>
Cash at the beginning of the year	10 (a)	<u>154,603</u>	<u>197,038</u>
Cash at the end of the year	10 (a)	<u>181,288</u>	<u>154,603</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate Information

The financial report is for the entity BioMelbourne Network Incorporated as an individual entity. BioMelbourne Network Incorporated was incorporated on 18 September 1987 and is governed under the Association Incorporation Reform Act 2012.

The purpose of BioMelbourne Network Incorporated is to act as the peak leadership body of the Victorian biotechnology industry and in particular, to guide, promote and maintain that industry and its promotion throughout the world.

The financial report of BioMelbourne Network Incorporated was authorised for issue by the Board on the 28th August 2013.

(b) Basis of Preparation

This special purpose financial report has been prepared for distribution to members of the BioMelbourne Network Incorporated. The accounting policies used in the preparation of this report are in the opinion of the BioMelbourne Network's Committee of Management appropriate to meet the needs of its members. The financial statements have been prepared in accordance with Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board with the following disclosure exceptions:

AASB 7:	Financial Instruments: Disclosures
AASB 8:	Operating Segments
AASB 116:	Property, Plant & Equipment Financial Instruments: Presentation
AASB 132:	Financial Instruments: Recognition and Measurement
AASB 139:	

New Standards and Interpretations not yet Adopted

All new standards, amendments to standards and interpretations which are mandatory for annual periods beginning before 1 July 2012 were adopted in the current year where applicable. The adoption of these standards have not had a significant effect on the entity's financial position or performance. New Standards, amendments to standards and interpretations which have been recently issued or amended but are not yet effective have not been applied to the financial report for the current period. None of these are expected to have a significant effect on the entity's financial position or performance.

The Committee has determined that the entity is not a reporting entity.

The financial report has been prepared on an accrual basis and is based on historical cost basis, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The following is a summary of the material accounting policies adopted by the network in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Notes to the Financial Statements
For the year ended 30 June 2013

(c) Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgments and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity. Actual results may differ from these estimates. The accounting policies detailed in Note 1 provide details of those estimates, judgments and assumptions.

(d) Cash and cash equivalents

Cash includes cash on hand and at call deposits with banks or financial institutions and net of bank overdrafts.

(e) Revenue

Membership subscriptions are brought to account on each member's renewal date.

Government grants are recognised upon receipt of the grant except in those circumstances where it is considered to be a reciprocal transfer and the obligations of the grant have not yet been met.

Revenue is recognised when the right to receive the revenue has been established.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(g) Comparative Information

Where necessary comparatives have been reclassified and repositioned for consistency with current year disclosures.

(h) Plant & Equipment

Each class of plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present. 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 not been discounted to present values in determining recoverable amounts.

Notes to the Financial Statements

For the year ended 30 June 2013

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the entity commencing from the time the asset is held ready for use. The average depreciation rate is 32%.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(i) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debt is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(j) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for services provided to the entity prior to the end of the financial year that are unpaid and arise when the entity becomes obliged to make future payments in respect of these services.

(k) Employee Benefits

Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Long-term service benefits

The entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Governments bonds at the reporting date which have maturity dates approximating to terms of the entity's obligations.

Superannuation

The amount charged to the Statement of Comprehensive Income in respect of superannuation represents the contributions made by the entity to superannuation funds.

(l) Income tax

The BioMelbourne Network Incorporated is exempt from income tax.

Notes to the Financial Statements
For the year ended 30 June 2013

	2013	2012
	\$	\$
NOTE 2: REVENUE		
Operating activities		
- Membership subscriptions	295,722	332,236
- Project Income	71,574	262,256
- Membership functions	155,373	137,158
- Interest	318	1,579
- Sponsorship	68,500	65,920
- Sundry income	20,379	13,077
	611,866	812,226
NOTE 3: PROFIT/(LOSS) FOR THE YEAR		
Profit / (loss) for the year has been determined after:		
(a) Expenses		
Auditor's remuneration	4,000	3,000
Bad & doubtful debts	1,890	-
	1,890	-
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank	181,288	154,603
	181,288	154,603
NOTE 5: TRADE AND OTHER RECEIVABLES		
Trade receivables	8,539	26,080
Less Allowance for impairment of receivables	(2,079)	-
	6,460	26,080
NOTE 6: OTHER CURRENT ASSETS		
Prepayments	4,449	3,071

Notes to the Financial Statements
For the year ended 30 June 2013

	2013 \$	2012 \$
NOTE 7: PLANT AND EQUIPMENT		
Office equipment	45,221	45,221
Less accumulated depreciation	<u>(33,325)</u>	<u>(27,420)</u>
	<u>11,896</u>	<u>17,801</u>
(a) Movements in Carrying Amounts		
Balance at the beginning of the year	17,801	19,425
Additions	-	4,598
Disposals	-	-
Depreciation expense	<u>(5,905)</u>	<u>(6,222)</u>
Carrying amount at the end of the year	<u>11,896</u>	<u>17,801</u>
NOTE 8: TRADE AND OTHER PAYABLES		
Income in advance	7,685	3,350
Trade payables	24,347	-
Sundry payables and accrued expenses	<u>25,478</u>	<u>31,254</u>
	<u>57,510</u>	<u>34,604</u>
NOTE 9: EMPLOYEE BENEFITS		
Annual Leave Entitlements	11,352	14,021
Long Service Leave Entitlements - Current	10,900	9,056
Long Service Leave Entitlements – Non Current	<u>14,376</u>	<u>5,848</u>
	<u>36,628</u>	<u>28,925</u>

Notes to the Financial Statements
For the year ended 30 June 2013

	2013	2012
	\$	\$
<hr/>		
NOTE 10: NOTES TO THE STATEMENT OF CASH FLOWS		
 (a) Reconciliation of Cash		
 Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash at bank	181,288	154,603
	<hr/>	<hr/>
	181,288	154,603
 (b) Reconciliation of profit/(loss) after income tax to net cash provided by operating activities.		
Profit / (Loss) after income tax	(28,071)	92,491
 Non-cash flows in profit/(loss):		
Depreciation	5,905	6,222
Doubtful Debts	-	-
 Changes in assets and liabilities:		
(Increase) / Decrease in Receivables	19,620	20,374
(Increase) / Decrease in Prepayments	(1,378)	2,772
Increase / (Decrease) in Payables	18,571	(92,026)
Increase / (Decrease) in Income in Advance	4,335	(46,428)
Increase / (Decrease) in Provisions	7,703	(20,781)
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	26,685	(37,376)

The Board has determined that the entity is not a reporting entity. The Board has determined that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Board declares that:

1. The financial statements and notes, as set out on pages 3 to 12:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements; and
 - (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the financial year ended on that date of the entity in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the Board's opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

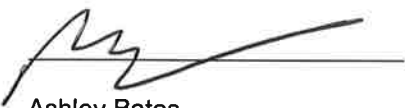
This declaration is made in accordance with a resolution of the Board.



Michelle Gallaher

Chief Executive Officer

Wednesday 28th August 2013



Ashley Bates

Treasurer

Wednesday 28th August 2013

Grant Thornton Audit Pty Ltd
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Independent Auditor's Report To the Members of BioMelbourne Network Inc.

We have audited the accompanying financial report, being a special purpose financial report, of BioMelbourne Network Inc. (the "Association"), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Directors.

Responsibility of the Directors for the financial report

The Directors of the Association are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report, which form part of the financial report, are appropriate to meet the requirements of the Associations Incorporation Reform Act 2012 (VIC) and the needs of the members. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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 which require us to 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 Association'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 Association'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.

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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of BioMelbourne Network Inc. presents fairly, in all material respects, the Association's financial position as at 30 June 2013 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of meeting the requirements of the Associations Incorporation Reform Act 2012 (VIC). As a result, the financial report may not be suitable for another purpose.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M.A. Cunningham
Partner - Audit & Assurance

Melbourne, 28 August 2013