



**BioMelbourne
Network**
Progressing BioIndustry

BioMelbourne Network
Annual Report

2012

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CURRENT BOARD MEMBERS

Mr Andrew Macdonald (Chairman) Otek Australia

Dr Ashley Bates (*Treasurer*) IDT

Dr Stella Clark *Stella Connect*

Dr Julian Chick *Allied Healthcare Group*

Mr Joe Baini *Immuron*

Ms Maureen O’Keefe *Walter and Eliza Hall Institute*

Dr Phil Kearney *Merck Sharp Dohme Australia*

Mr Alun Needham *Ernst & Young*

Dr Lorna Meldrum *Ikaria Australia Pty Ltd*

Ms Michelle Gallaher (Secretary and Public Officer) *BioMelbourne Network*

The Secretariat

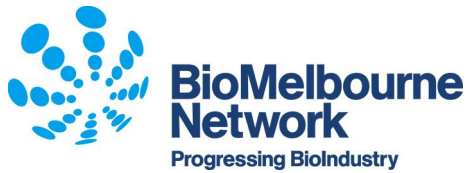
Ms Michelle Gallaher Chief Executive Officer

Ms Nicole Pitcher Administration Manager

Ms Anita Petris Event Manager

Ms Connie Crisafi Industry Development Manager

Mr Matthew Pitcher Administration Assistant (Intern)



Highlights 2011/12

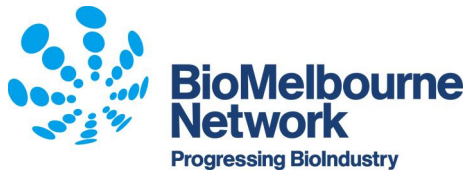
- Strongest financial result for BioMelbourne Network since 2008
- Membership broke through previous record of 2008
- Record number of new members in a financial year since 2003
- Record number of events held in a year (37)
- BioMelbourne Network represented on Victorian Government's Biotechnology Advisory Council
- Recognised leader in social media for life sciences in Asia Pacific region
- Reduced business risk moving to IT cloud

Major Sponsors 2011/12

- **Victorian Government Department of Business & Innovation** (Mr David West's visit to Melbourne)
- **Commonwealth Department of Innovation, Industry, Science, Research & Tertiary Education** (CEO Luncheon Series and Connecting Women in Biotechnology Lunch)
- **CSL** (Connecting Women in Biotechnology Lunch)
- **City of Melbourne** (Connecting Women in Biotechnology Lunch)
- **Davies Collison Cave** (CEO Luncheon Series & BioBriefings)
- **Avatar** (General Sponsorship)
- **Ernst & Young** (CEO Luncheon Series and BioBriefings)
- **AusIndustry** (BioBreakfasts)
- **Phillips Ormonde Fitzpatrick** (BioWorkshops & Connecting Women in Biotechnology Lunch)

Government Grants 2011/12

- Small Business Grant from **City of Melbourne** for BIO2012 promotional campaign
- Industry Development Manager Grant from **Victorian Government Department of Business & Innovation (2010/11 & 2011/12)**
- Victorian BioPortal Grant from the **Victorian Government Department of Business & Innovation (2010/11 & 2011/12)**



Message from the Chairman & Chief Executive Officer

For more than a decade BioMelbourne Network has successfully delivered support, information, advocacy and representation for Victoria's maturing biotechnology sector. However, the market evidence demonstrates clearly that the biotechnology sector today is certainly not what it was ten years ago. In fact, biotechnology is not what it was three years ago, particularly so in Australia and thus Victoria, our nation's largest biotechnology-cluster state. The changes in the Victorian biotechnology sector following the global financial crisis has required the BioMelbourne Network to adapt and recalibrate its course as it seeks to identify and deliver support, connectivity and assistance in enabling the sector that we know as biotechnology to advance.

2011/12 has been a pivotal year for BioMelbourne Network. This year the Network has delivered a strong financial performance, driven largely by a concentrated membership drive and supported by a valuable grant from the Victorian Government, providing an experienced Industry Development Manager for two years. The wide program of regular events, issues raised and discussed within the Network and the number of people in the sector our activities engage with, the numerous sponsors and volunteers confirm the resolve of the membership to continue to invest in BioMelbourne Network and their local biotechnology industry.

The satisfying growth of BioMelbourne Network in the past financial year comes after three years of turbulence amidst the difficulty of the global financial crisis. The Network recognized the need to maintain its investment in 'business as usual' for members despite obvious signs of financial stress from the sector but also implemented adjustments to the membership offering acknowledging the significant constraints in place for many members in managing finite financial resources.

One of the critical goals for BioMelbourne Network over the past year has been to identify opportunities for greater convergence between the Victorian biotechnology sector and the small technologies sector. The opportunities that convergence provides is to promote biotech-oriented platform technologies, capabilities and infrastructure to aligned small technology industries with the potential for technology transfer. The convergence principal also provides a much wider employment landscape, wider opportunities for investors, more collaborative environments for universities and research institutes and a greater reason for continued investment from our specialist technology service providers.

Another critical goal for BioMelbourne this past year has been to create an attractive and broad offering to organisations aligned with small technologies sectors, thereby growing the membership base whilst reinforcing the existing biotechnology membership. Almost 40% of the BioMelbourne Network membership joined the organization in the past two years demonstrating the success of the membership campaign and the diversification of the Victorian innovation technology sector with an interest in human health.

Building upon the success of 2011/12 the Board of BioMelbourne Network feel confident about the organisations' future and the role that it can play in creating an environment where we can stimulate, promote and enhance opportunities for the biotechnology and small technology organisations in Victoria.

BioMelbourne has a small secretariat that maintains a constant stream of events, opportunities, discussions and advocacy projects into which our membership (and often others) can contribute as well as take from. The Board of BioMelbourne Network are volunteers, each invest in the future advancement and health of our developing sector by serving on this not-for-profit association. On behalf of the membership, we offer a vote of thanks to the Board and secretariat.

Together the secretariat and Board of BioMelbourne Network acknowledge the outstanding contribution of our members, particularly those who volunteer to speak at events, host, sponsor, provide input and advice to advocacy projects and actively promote what Victoria's biotechnology sector has to offer. Maintaining your membership to BioMelbourne Network ensures Victoria maintains its position as Australia's biotech capital.

Andrew Macdonald

Chairman

Michelle Gallaher

Chief Executive Officer

Victorian Biotech – a Year in Review

The fallout from the global financial crisis (2008 – 2011) was certainly felt by the Australian biotech sector with many entering a famine period, conserving cash and delaying some major clinical development, focusing exclusively on developing lead candidates until cash was more readily available. Despite this outlook, a number of very positive outcomes in the Australian environment over the past two years have occurred including multimillion dollars deals, regulatory approvals (granted and some pending) and acquisitions of Victorian biotech companies, making headlines around the world.

Scientific American's World View (June 2012) ranks biotech destinations around the world, scored Australia in 10th place. BioSpectrum Asia (June 2012) listed the 50 fastest growing life science companies in the Asia Pacific Region. The top ten companies were Australian and six of the top ten were Victorian.

263 operational life science companies are based in Victoria with a market capitalization of \$21.4 billion (Blake Industry & Market Analysis Pty Ltd (November 2011) and \$8.8 billion in sales from Victorian companies. There are 231 products in development in Victoria with 88 of these at the clinical stages of development. Each one of these statistics reflects growth from the same period last year demonstrating an emerging sustainability of the Victorian life sciences sector.

But there is a fundamental challenge in the biotech sector that continues to dampen bullish forecasting and optimism. The common denominator is always access to adequate capital. This remains the greatest hurdle for the sector and the current Australian biotech market still demonstrates signs of significant financial stress, particularly for those at the earlier end of the development pipeline.

Companies receiving venture capital funding for the first time sharply decreased in 2012. The US investment story was reflected in Australia, though on a typically smaller scale. Many industry observers suggested there is a close correlation between the Australian biotech index and the US, with a lag time of 6 to 9 months. Despite this, many also expect the trend for positive results from the Australian biotech sector, supported by the number of maturing biotech's and clinical development programs likely to reach end points in the coming 12 months, will rise. In Australia Q1FY12 saw the highest amount of secondary capital raised in the past two years. But the divide between biotech's with resources and those without has deepened dramatically and this gap is likely to have far reaching consequences in years to come.

The federal government's R&D tax incentive, introduced in practice in 2012, is probably the most significant single element in the environment that has delivered an improved outlook for the biotech sector. A tax credit or rebate and the implementation of quarterly refunds or credit is a game changer, particularly for the small biotech's in the Victorian sector.

The high Australian dollar continues to erode profits from the larger companies that are manufacturing. In general, 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).

The Victorian biotech sector has delivered positive results in the form of deals, acquisitions, the acceleration of clinical development of high profile technologies and projects and the shift in

funding opportunities for SME's. However, the future of the Victorian biotech sector is not likely to see an expansion in the number of new start up biotech companies over the coming years, rather consolidation. This was recognized over the past two years as an ongoing and significant change in the Victorian biotechnology sector and one to which the BioMelbourne Network must adapt to.

Adaption becomes a strategic priority for BioMelbourne Network in 2012-13

Two concomitant factors are shaping the future of the Victorian life sciences industry and thus BioMelbourne Network: a consolidation, and a contraction in the number of eligible typical biotechnology members in Victoria and the reshaping of the Victorian innovation technology environment with growing convergence between information technology, advanced engineering and manufacturing capabilities, clean tech and environmental sciences utilizing platform technologies that are largely biotech aligned.

The Victorian technology environment is shifting rapidly with a number of technology sectors developing and coming to the fore. Small technologies is now become known as the *convergent technology* underpinned by nanotechnology, microtechnology, biotech, information technologies and advanced engineering technologies and design.

Expanding the BioMelbourne Network membership base to embrace small technologies that are biotechnology aligned is a strategic goal for 2012-13.

The core purpose of the BioMelbourne Network will be expanded to stimulate, support and enable convergence amongst biotech, IT, design, advanced engineering, manufacturing, nanotech and micro tech based in Victoria. BioMelbourne Network recognizes an important opportunity to link these technology sectors to biotech as they are considered to be aligned via varying factors.

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.

As an Industry Association under the Incorporated Associations Act 1981 (Victoria), BioMelbourne Network is a not-for-profit organisation.

Established eleven 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.



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 2012 the Network has 179 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.

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.

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 sector.

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.

Strategic Goals

The six strategic goals that will drive the BioMelbourne Network growth over the next year are:

1. **Membership** - To develop and diversify the Network's membership base, embracing the definition of small technologies that are aligned with biotechnology.
2. **Advocacy** - To strengthen the BioMelbourne Network's advocacy role being timely and relevant on issues of importance to the biotechnology small technology industries.
3. **Skills and Learning** - To work in partnership with education providers and the wider biotech and small technology industry to foster greater peer learning, accredited and non-accredited courses of high value. To support activity that attracts, retains and develops high quality talent in Victoria.
4. **Linkages** - To develop and deepen the BioMelbourne Network's local and international linkages and connections to the benefit of the membership.

5. **Organisational effectiveness** - To maximize organisational effectiveness and embrace best business practice for not-for-profit organisations.
6. **Financial sustainability** - To ensure the BioMelbourne Network's financial sustainability beyond 2015.

In 2012-13 an addition strategic goal will be included and it should be cast as the highest priority :

7. **Industry alignment & convergence** – identifying and aligning the industry sectors within small technologies with a connection and in alignment with biotechnology in Victoria.

Victorian Biotechnology Snapshot in 2012

Victoria leads Australia's biotechnology research and development sector. Victoria has significant strengths in the medical and agricultural fields, especially in oncology, neurosciences, regenerative medicine, infectious diseases, and genetics of dairy cattle and pasture grasses.

The need for a state-based biotechnology industry association is further supported by the following Victorian biotechnology and life science strengths:

Victoria is home to 263 life science companies, 13 major independent medical research institutes, 10 teaching hospitals conducting significant research, and 9 universities.

The city has a growing pharmaceutical manufacturing base, with exports of more than A\$1 billion and is home to CSL, one of the world's top five bio companies.

The sector enjoys strong government support, with the Victorian Government investing almost A\$4 billion in science and innovation over the past 10 years.

Melbourne is home to around 30% of Australian medical and pharmaceutical companies.

Victoria has 42 life science companies listed on the Australian Stock Exchange (ASX), with a combined market capitalisation of nearly A\$21.4 billion.

These companies currently have 85 life science products on the market.

Clinical trial activity in Victoria continues to grow. Victorian biotechnology companies currently have 231 products in development, 54 of these at the Phase II and Phase III clinical stages of development.

Victoria is the premier location for clinical trials in the Asia-Pacific region, with a global reputation for quality and integrity.

Australian-listed biotech firms fared well during the Global Financial Crisis, with PWC's Bioforums Index down only 0.7%, compared to the All Ordinaries drop of 26% in 2008-09.

Annual spending on biotechnology-related research and development in Victoria exceeds A\$1 billion, including more than A\$630 million of private R&D in 2010, which is more than any other state.

Australia has more graduates at PhD levels in biotechnology-related disciplines per head of population than the USA, UK, Canada and Japan.

Victorian biomedical researchers have consistently secured more than 40% of Australia's National Health and Medical Research (NHMRC) funding over the last 10 years. In 2010, Victoria won A\$284 million of NHMRC funding.

Victoria is home to unique infrastructure including the Australian Synchrotron, Bio21 Cluster and the new \$1 billion Parkville Comprehensive Cancer Centre due for completion in 2015.

Australia continues to be one of the most permissive and well legislated regions in the world for human embryonic stem cell research supported by a robust and independent national regulatory framework. Victoria is a leader in the world in enacting legislation to allow IVF , human embryonic stem cell research and somatic cell nuclear transfer (therapeutic cloning).

In recent years the Victorian Government has lifted a moratorium on genetically modified crops.

BioMelbourne Network: 2011/12 Review

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

As at 30 June 2012, **the Network's membership comprised 179 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 38 new members in the past year with 40% of the total membership joining in the past 2 years, representing a significant change in the membership profile.

The Network will continue to take advantage of the growing convergence of biotechnology with other disciplines and technologies 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**:
 - Response to R&D Tax Credit Exposure Draft Regulations & Decision Making Principles
 - Strategic Review of Australian Health & Medical Research Funding (McKeon Review)
- Participated in a number of meetings with the **Hon Gordon Rich Phillips MP**, Victorian Minister for Technology.
- Michelle Gallaher is a member of the **Victorian Government's Biotechnology Advisory Council**.
- Met with **Federal parliamentarians**, including The Hon. Greg Hunt, Shadow Minister for the Environment, The Hon. Adam Bandt, Greens Senator, Science & Innovation Portfolio as well as a number of bureaucrats within the Department of Innovation, Industry, Science, Research and Tertiary Education.
- The Network continued to be the custodian of the **Victorian BioPortal** (www.vicbioportal.org) which together with the Network website and social media tools such as Twitter and LinkedIn were employed to promote developments, news and events in Victoria's biotechnology sector to national and international audiences. In October 2012 the Victorian BioPortal will be embedded into the BioMelbourne Network web site.

- **Consulted with the Victorian Department of 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.
- Michelle Gallaher served as a member of **the Victorian Biosciences Collaborative (BVC)**. BioMelbourne provided Secretariat support for this group for two years.
- Michelle Gallaher chaired the **Victorian Systems Biology Working Group** (as a sub group of the BVC).
- 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 2011/12 the BMN delivered 37 events that attracted over 3,000 participants.** This is a record number of events for the BioMelbourne Network.

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.

12 Jul 2011	Reimbursement Strategies and Pricing Ms Michelle Robbins, ViiV Healthcare Dr Paul MacLeman, Genetic Technologies
9 Aug 2011	The Greens on Science & Innovation Mr Adam Bandt, Federal Member for Melbourne Science & Innovation Portfolio
6 Sept 2011	Biomaterials 50 years on – Future Opportunities & Lessons Learnt Prof Keith MacLean, CSIRO Dr Ian Griffith, Aortech
4 Oct 2011	The Launch of the Victorian Government's Health Market Validation Program The Hon. Gordon Rich Phillips MLC Sponsored by the Victorian Government

8 Nov 2011	<p>The Movember Global Action Plan</p> <p>Dr Mark Buzza, Movember Foundation Sponsored by AusIndustry</p>
13 Dec 2011	<p>Nanoparticles in Sunscreen</p> <p>Dr Kerryn Greive, Ego Pharmaceuticals Assoc Prof Paul Wright, RMIT, Nanosafe Australia</p>
7 Feb 2012	<p>World's First 3D Bioprinter</p> <p>Mr Peter Riddell, Invetech Mr Chris Leigh-Lancaster, Invetech</p>
13 Mar 2012	<p>The Next Revolution: Convergence of Physical and Biological Sciences</p> <p>Dr Andrew Lonie, VLSCI Dr Gary Egan, Monash Bioimaging Dr Mike Kuiper, Victorian Partnership of Advanced Computing</p>
3 Apr 2012	<p>Can Australia Afford to Fund Translational Research</p> <p>Prof Ian Chubb, Australia's Chief Scientist</p> <p>Host: CSIRO (Clayton) Sponsor: MCVB</p>
8 May 2012	<p>The Technological and Economic Opportunities of BioBanking in Australia</p> <p>Mr Brett Schwartz, Bluechiip Dr Paul Pinto-Correia, Victorian Cancer BioBank</p>
5 June 2012	<p>Will Engineering Play the Lead Role in Drug Discovery in 2030 ?</p> <p>Dr Hiroaki Kitano, Systems Biology Institute, Japan Host / Sponsor: Australian Institute for Regenerative Medicine</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 July 2011	<p>Effective Pricing & Reimbursement Strategies</p> <p>Mr Gary Phillips, Pharmaxis Dr Tina Soulis, Neuroscience Trials Australia Dr Michael Harbel, GSK Aust Host : Calzada</p>
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8 Feb 2012	<p>New Regulations for Biologics</p> <p>Ms Penny Field, Bioregulatory Consulting Prof Dianne Jackson-Matthews, ERA Dr Dominic Wall, Cell Therapies Pty Ltd</p>
1 Mar 2012	<p>Bioanimation</p> <p>Mr Jack Parry, Parry Studios Ms Emma Power, Monsoon Communications Mr Ed Cornelissen, Thinktank Social</p>
30 April 2012	<p>Social Media – Part 1: Beginners</p> <p>Ms Michele Nichol, Sociophile Dr Krystal Evans, Walter & Eliza Hall Institute Ms Penny Field, Walter & Eliza Hall Institute Mr Mark Summerfield, Watermark Ms Sue Charles, College Hill</p>
3 May 2012	<p>Social Media – Part 2: Advanced</p> <p>Ms Michele Nichol, Sociophile Ms Penny Field, Walter & Eliza Hall Institute Mr Douglas Pretsel, College Hill Mr Mark Summerfield, Watermark</p>
21 May 2012	<p>Regulation for Devices & Diagnostics</p> <p>Mr David West, Quintiles Sponsored by Victorian Government Host: Phillips Ormonde Fitzpatrick</p>

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.

13 July 2011	<p>R&D Tax Credit – Preparing to Take The First Steps</p> <p>Presenters / Host / Sponsor: Ernst & Young Free for BioMelbourne Network Members</p>
15 Aug 2011	<p>The Innovation Investment Fund and How It Stacks Up</p> <p>Ms Tricia Berman DIISR Ms Brigette Smith GBS Venture Partners Host / Sponsor: Deloitte</p>

5 Oct 2011	<p>Raising The Bar</p> <p>Mr Terry Moore, IP Australia Mr Michael Caine, Davies Collison Cave Host / Sponsor: Davies Collison Cave</p>
29 Nov 2011	<p>Commercialisation of Health Technologies in Israel</p> <p>Prof Yaron Illan, Hadassah & Immuron Host / Sponsor: Melbourne Health & Hadassah Australia</p>
4 May 2012	<p>R&D Tax Incentive : Latest Guidance. Making Your Claim This Financial Year</p> <p>Speakers : Ernst & Young Host / Sponsor: Ernst & Young Free for BioMelbourne Network Members</p>
24 May 2012	<p>Open Innovation for BioPharma – Feasible or Fad ?</p> <p>Mr Mark Roberts, Davies Collison Cave Dr Kevin Cullen, NSW Innovation Dr Phil Kearney, MSD Australia Dr Dan Grant, Pfizer Host / Sponsor: Davies Collison Cave</p>

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 2011/12 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.

16 July 2011	<p>Non Exec Director Luncheon: The Biotech Chick & Egg Cycle</p> <p>Dr John Raff Host / Sponsor : Grant Thornton</p>
26 July 2011	<p>Getting More Out of Milk</p> <p>Dr Nick Gough Mr Peter Hobman, MG Nutritionals Host / Sponsor: TressCox Lawyers</p>
12 Aug 2011	<p>Finding Common Ground – Working in Research & Industry</p> <p>Prof Nadia Rosenthal, EMBL Australia Host / Sponsor: MCVB</p>

31 Aug 2011	<p>Alchemia</p> <p>Dr Pete Smith, CEO Alchemia Host / Sponsor: Davies Collison Cave</p>
27 Sept 2011	<p><i>This is Your Life : Chemgenex</i></p> <p>Dr Greg Collier, Chemgenex Host / Sponsor: Thompson Reuters</p>
20 Oct 2011	<p>Janssen</p> <p>Dr Paul Stoffels, World Wide Chairman, Janssen Parmaceutical companies of J&J Host / Sponsor: Freehills</p>
29 Nov 2011	<p><i>Moving from C Level to Board Level</i></p> <p>Ms Christine Sather Mr Dale Simpson Mr Ken Windle Dr Elaine Saunders Ms Diane Nicholson Host / Sponsor: Mallesons Stephen Jaques</p>
10 Feb 2012	<p><i>Non Exec Director Luncheon: Biotech Capital Needs & Risk – A Chairman’s Perspective</i></p> <p>Dr Mel Bridges Host / Sponsor: Grant Thornton</p>
18 Apr 2012	<p><i>Life After Prometheus</i></p> <p>Dr Bill Pickering, Davies Collison Cave Host / Sponsor: Davies Collison Cave</p>
26 Apr 2012	<p><i>Stem Cells Australia – Where Are We Now ?</i></p> <p>Prof Martin Pera, Stem Cells Australia Host / Sponsor: MCVB</p>
17 May 2012	<p><i>CFO End of Financial Year Lunch</i></p> <p>Mr Ian Bangs, Prima BioMed Mr Hank Sciberas, Ernst & Young Ms Denise Brotherton, Ernst & Young Host / Sponsor: Ernst & Young</p>

22 May 2012	<p>Regulatory Hurdles and Advice</p> <p>Mr David West, VP Quintiles Sponsored by Victorian Government Host / Sponsor: Minter Ellison</p>
31 May 2012	<p>Pharma / Agriculture Lunch with the Victorian Minister</p> <p>The Hon. Gordon Rich Phillips Host / Sponsor: Piper Alderman</p>

4th Connecting Women in Biotech Luncheon

Friday 1st June, the Network hosted the 4th annual Connecting Women in Biotechnology Luncheon in Melbourne's historic Mural Hall. More than 360 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 Jackie Fairley (Starpharma), Ms Maureen O'Keefe (Walter & Eliza Hall Institute) and Dr Jia-Yee Lee (NICTA) were interviewed.

Sponsorship of this event is critical to its ongoing success. This year our sponsors were: CSL, City of Melbourne, Commonwealth Department Innovation, Industry, Science Research and Tertiary Education, Walter & Eliza Hall Institute, Phosphagenics, Phillips Ormonde Fitzpatrick, Melbourne Visitors and Convention Bureau, INC, 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 BIO2011 in Washington. At BIO2011, BioMelbourne worked in collaboration with Invest Victoria to identify and brief a number of international biotech journalists.
- Meetings with the following **international delegations** were convened during the year:
- The Network also hosted events featuring prominent speakers from around the globe, including:
 - Mr David West, VP Quintiles, Washington (USA)
 - Dr Paul Stoffles, Worldwide Chairman, Janssen (USA) & a large delegation from Janssen and J&J (Singapore & USA)
 - Dr Hiroaki Kitano, Systems Biology Institute (Japan)
 - Professor Yaron Illan, Hadassah, Jerusalem (Israel)
- The Network provided project and governance support for the Biosciences Victoria Collaborative and the Systems Biology Working Group. The CEO also Chairs the Systems Biology Working Group.
- In October 2011 the BioMelbourne Network signed a Memorandum of Understanding with the Zhongguancun Life Sciences Park in Changping District, Beijing, P.R.China. Zhongguancun is considered China's science and technology district and the Zhongguancun Life Sciences Park is one of the largest and most prestigious in China.

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.

During the later half of the financial year the BioMelbourne Network has reduced its IT risk by moving the IT operation from an on-site server arrangement to a cloud provider with a very smooth transition and no interruption to the service. The cloud solution will provide cost savings in the next 2 years and a significantly reduced business continuity and security risk as well as an enhanced operational function.

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

Despite the flow on effects of the global financial crisis, the organisation 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 2012/13. 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 3 years.

The BioMelbourne Network will also need to secure a number of Government Grants to ensure the roll out of a number of new services planned for 2012/13, specifically the Victoria-China Knowledge Network and a major program of work designed around supporting the devices and diagnostics sector in Victoria.

BIOMELBOURNE NETWORK INC

ABN 30 219 606 495

Financial Report

For the year ended 30 June 2012

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Statement of Comprehensive Income
For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	2	812,226	760,846
Office and administration expenses		91,277	88,913
Salaries and other employee benefits		444,429	449,194
Project and function expenses		144,499	244,648
Other expenses from ordinary activities		39,530	38,669
Total expenses		719,735	821,424
Profit/(Loss) before income tax expense		92,491	(60,578)
Income tax expense		-	-
Profit/(Loss) for the year	3	92,491	(60,578)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		92,491	(60,578)

Statement of Financial Position

As at 30 June 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	4	154,603	197,038
Trade and other receivables	5	26,080	46,455
Other current assets	6	3,071	5,842
TOTAL CURRENT ASSETS		183,754	249,335
NON-CURRENT ASSETS			
Plant and equipment	7	17,801	19,425
TOTAL NON-CURRENT ASSETS		17,801	19,425
TOTAL ASSETS		201,555	268,760
CURRENT LIABILITIES			
Trade and other payables	8	34,604	173,519
Employee benefits	9	23,077	49,706
TOTAL CURRENT LIABILITIES		57,681	223,225
NON-CURRENT LIABILITIES			
Employee benefits	9	5,848	-
TOTAL CURRENT LIABILITIES		5,848	-
TOTAL LIABILITIES		63,529	223,225
NET ASSETS		138,026	45,535
EQUITY			
Retained earnings		138,026	45,535
TOTAL EQUITY		138,026	45,535

Statement of Changes in Equity
For the year ended 30 June 2012

	Retained Earnings	Total
	\$	\$
Balance as at 1 July 2010	106,113	106,113
Net profit/(loss) for the year	(60,578)	(60,578)
Balance as at 30 June 2011	<u>45,535</u>	<u>45,535</u>
Net profit/(loss) for the year	92,491	93,790
Balance as at 30 June 2012	<u><u>138,026</u></u>	<u><u>139,326</u></u>

Statement of Cash Flows
 For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Cash flow from operating activities			
Receipts in the course of operations		790,282	865,965
Interest received		1,579	1,817
Payments in the course of operations		<u>(829,237)</u>	<u>(820,296)</u>
Net cash provided by/(used in) operating activities	10 (b)	<u>(37,376)</u>	47,486
Cash flow from investing activities			
Payment for plant and equipment		<u>(5,058)</u>	<u>(3,194)</u>
Net cash used in investing activities		<u>(5,058)</u>	<u>(3,194)</u>
Net increase/(decrease) in cash held		<u>(42,434)</u>	44,292
Cash at the beginning of the year	10 (a)	<u>197,038</u>	152,746
Cash at the end of the year	10 (a)	<u>154,604</u>	197,038

Notes to the Financial Statements

For the year ended 30 June 2012

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 under the Association Incorporation Act 1981 on 18 September 1987.

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 29th August 2012.

(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
AASB 132:	Financial Instruments: Presentation
AASB 139:	Financial Instruments: Recognition and Measurement

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 2011 were adopted in the current year where applicable. The adoption of these standards have not had a significant effect on the Company'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 Company'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 2012

(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

Notes to the Financial Statements

For the year ended 30 June 2012

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.

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 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

Notes to the Financial Statements
For the year ended 30 June 2012

	2012	2011
	\$	\$
NOTE 2: REVENUE		
Operating activities		
- Membership subscriptions	332,236	286,101
- Project Income	262,256	235,831
- Membership functions	137,158	160,224
- Interest	1,579	1,817
- Sponsorship	65,920	60,591
- Sundry income	13,077	16,282
	812,226	760,846
 NOTE 3: PROFIT/(LOSS) FOR THE YEAR		
Profit / (loss) for the year has been determined after:		
(a) Expenses		
Auditor's remuneration	3,000	2,475
Bad & doubtful debts	-	3,000
	-	3,000
 NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank	154,603	197,038
	154,603	197,038
 NOTE 5: TRADE AND OTHER RECEIVABLES		
Trade receivables	26,080	49,755
Less Allowance for impairment of receivables	-	(3,300)
	26,080	46,455
 NOTE 6: OTHER CURRENT ASSETS		
Prepayments	3,071	5,842
	3,071	5,842

Notes to the Financial Statements
For the year ended 30 June 2012

	2012	2011
	\$	\$
NOTE 7: PLANT AND EQUIPMENT		
Office equipment	45,221	40,622
Less accumulated depreciation	(27,420)	(21,197)
	17,801	19,425
(a) Movements in Carrying Amounts		
Balance at the beginning of the year	19,425	22,817
Additions	4,598	3,194
Disposals	-	-
Depreciation expense	(6,222)	(6,586)
Carrying amount at the end of the year	17,801	19,425
NOTE 8: TRADE AND OTHER PAYABLES		
Income in advance	3,350	49,778
Sundry payables and accrued expenses	31,254	123,741
	34,604	173,519
NOTE 9: EMPLOYEE BENEFITS		
Annual Leave Entitlements	14,021	43,395
Long Service Leave Entitlements - Current	9,056	6,311
Long Service Leave Entitlements – Non Current	5,848	-
	28,925	49,706

Notes to the Financial Statements
For the year ended 30 June 2012

	2012	2011
	\$	\$
<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	154,603	197,038
	<hr/>	<hr/>
	154,603	197,038
	<hr/>	<hr/>
 (b) Reconciliation of profit/(loss) after income tax to net cash provided by operating activities.		
Profit / (Loss) after income tax	92,491	(60,578)
 Non-cash flows in profit/(loss):		
Depreciation	6,222	6,586
Doubtful Debts	-	3,000
 Changes in assets and liabilities:		
(Increase) / Decrease in Receivables	20,374	76,697
(Increase) / Decrease in Prepayments	2,772	(48)
Increase / (Decrease) in Payables	(92,026)	(28,571)
Increase / (Decrease) in Income in Advance	(46,428)	43,083
Increase / (Decrease) in Provisions	(20,781)	7,317
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	(37,376)	47,486
	<hr/>	<hr/>

Statement by the Board

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 23 to 32:
 - (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 2012 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 29th August 2012



Ashley Bates

Treasurer

Wednesday 29th August 2012

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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 2012, 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, appropriate to meet the requirements of the Associations Incorporation Act 1981(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 2012 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 Act 1981(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, 29 August 2012