ANNUAL FINANCIAL REPORT 2014
FOR THE YEAR ENDED 31 DECEMBER 2014

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DIRECTORS’ REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising the Macfarlane Burnet Institute for Medical Research and Public Health Limited (Burnet Institute) and its subsidiaries (The Group) for the year ended 31 December 2014 and the Audit Report thereon.

Directors

The Directors of the Burnet Institute, all of whom act in an honorary capacity, along with the Executive Directors, who receive remuneration as paid members of staff, held office at any time during or since the end of the financial year are:

Mr Alastair Lucas AM, BCom, FCPA
Chair, Burnet Institute Board of Directors (on extended leave from Sep 2014)
Director since 1998
Chair, Budget & Investment Committee; Member, Audit, Compliance and Risk Committee
Member, Engagement Committee
Chair, Investment Banking, Goldman Sachs Australia
Chair, Cell Care Australia
Member, Advisory Board, Fauna & Flora International Australia

Mr Robert L Milne, BEng(Civ), FIE(Aust), CP Eng
Acting Chair, Burnet Institute Board of Directors (from Sep 2014)
Director since 2000
Chair, IP & Commercialisation Committee
Member, Budget and Investment Committee
Chair, Cockram Corporation and subsidiaries

Professor Brendan Crabb AC, BSc(Hons), PhD, FHMS
Executive Director and CEO since March 2008
Member, Engagement Committee, Budget and Investment Committee
Secretary, Research Advisory Committee
Member, Board of the Association of Australian Medical Research Institutes (AAMRI) Pty Ltd
Chair, Victorian Chapter of the Association of Australian Medical Research Institutes (AAMRI) Pty Ltd
Director, AMREP Animal Services Pty Ltd
Chair, Alfred Medical Research & Education Precinct Council
Chair, PATH/MVI Vaccine Science Portfolio Advisory Council (VSPAC), USA
Chair, Papua New Guinea Institute of Medical Research Buttressing Coalition
Member, Board of Research Australia Ltd
Member, Board of Management, Gene Technology Access Centre (GTAC), Victoria
Member, Scientific Advisory Board, Malaria Program, Wellcome Trust Sanger Institute, UK
Member, Scientific Advisory Board, Monash Institute of Pharmaceutical Sciences (MIPS)
Adjunct Professor, The University of Melbourne
Adjunct Professor, Monash University

Mr Robin Bishop, LLB(Hons), BCom, BA
Director since 2012
Member, Budget and Investment Committee
Head and Executive Director, Macquarie Capital Australia and New Zealand
Chairman, National Gallery of Victoria Business Council

Professor Peter Colman, BSc(Hons), PhD, FAA, FRS, FTSE
Director since 2011
Chair, Research Advisory Committee; Member, IP & Commercialisation Committee
Head, Structural Biology Division, WEHI
Former Chief, Division of Biomolecular Engineering, CSIRO

Mr Ross Cooke, BCom, ACA
Director since 1998
Chair, Audit, Compliance and Risk Committee
General Manager, Operations – Provider Networks & Integrated Care Medibank Private Ltd
Director and President, Wintringham, and Wintringham Housing Ltd

Mr John K Dowling, FREI, FAPI
Director since 2000
Member, Research Advisory Committee
Managing Partner, K L Dowling & Co

Mr Benjamin Foskett, BBus, FAICD, Exec Fellow ANZSoG, Victorian Fellow of IPA

Director since 2013
Member, Budget & Investment Committee
Chairman, Hong Kong BioPoint & Nanjing BioPoint
Executive Director, Pathway Services Pty Ltd
Vice President, Victorian Chapter of the Australia China Business Council (ACBC)
Former Member of Council, Victoria University and Chair of Council's Strategy Committee
Former Director, National Board of the Australia Latin America Business Council (ALABC) and the Board's Vice Chairman for Victoria
Mr Garry Hounsell, BBus(Acc), FCA, CPA, FAICD  
Director since 2013  
Chairman, PanAust Limited  
Director, Dulux Group Limited  
Director, Treasury Wine Estates Limited  
Director, Spotless Holdings Limited  
Member, Advisory Council, Rothschild Australia Limited  
Member, Advisory Council, Charter Keck Cramer

Professor Sharon Lewin, FRACP, PhD  
Director since 2014  
Director, Doherty Institute for Infection and Immunity, The University of Melbourne  
Consultant Physician, Department of Infectious Diseases, The Alfred  
Adjunct Professor, Department of Infectious Diseases, Monash University  
Former Head, Department of Infectious Diseases, Monash University, Melbourne  
Former Co-head, Centre for Biomedical Research, Burnet institute

Professor Christina Mitchell, MBBS, PhD, FRACP  
Director since 2011  
Academic Vice-President and Dean, Faculty of Medicine, Nursing and Health Sciences, Monash University

Ms Mary Padbury, BA, LLB  
Director since 2011  
Member, IP & Commercialisation Committee  
Vice Chairman Ashurst  
World Intellectual Property Organisation Domain Name Panelist  
Director, Australasian Gastrointestinal Trials Group (Gl Cancer Institute)  
Member, Chief Executive Women  
Member, Professional Standards Board for Patent and Trade Mark Attorneys  
Member, Melbourne University Law School Foundation  
Deputy Member, Board of Examiners for legal profession in Victoria

Professor Philippa Pattison, BSc, PhD  
Director since 2011, resigned April 2014  
Member, Research Advisory Committee  
Deputy Vice Chancellor (Academic), University of Melbourne  
Professor, Psychological Sciences, University of Melbourne  
Associate Editor, Social Networks  
Member, Editorial Board, Journal of Classification  
Member, Graduate Careers Australia Survey Reference Group  
Member, Queen’s College Council  
Member, Trinity College Council  
Governor, University College  
Member of Council, Melbourne Girls Grammar School

Ms Louise Pratt, BA  
Director since 2014  
Former Senator for Western Australia  
Former Member Legislative Council, Western Australia  
Political consultant

Dr Jane A Thomason, BSW, MPH, PhD  
Director since 2013, resigned February 2015  
Chief Executive Officer and Director, Abt JTA  
Adjunct Associate Professor, Australian Centre for International and Tropical Health & Nutrition (ACITHN), University of Queensland

Professor Michael Toole AM, MBBS, BMedSci, DTM&H  
Executive Director since 2011  
Member, Research Advisory Committee  
Adjunct Professor, School of Public Health, Monash University  
Member, Independent Monitoring Board of the Global Polio Eradication Initiative  
Member, Funding Comm. Research for Health in Humanitarian Crises (DfID and Wellcome Trust)  
Member, Public Health Scientific & Technical Expert Group, Secretariat of the Pacific Community  
Founding Board Member, Médecins Sans Frontières Australia

Ms Mary Waldron, B Econ & SS, FCPA  
Director since 2011  
Member, Audit, Compliance and Risk Committee  
Managing Partner PwC, Reputation, Regulation and Risk  
Member, PwC Australian Firm Executive Board  
Chairman, Centre for Ethical Leadership Advisory Board  
Board Member, Chartered Accountants Australia & New Zealand  
Director, Opera Australia  
Advisory Corporate Member, The Global Foundation  
Corporate Council Member, European Australian Business Council  
Member, Chief Executive Women  
Member, Australian Institute of Company Directors

Resigned as Director during 2014 or since year end:  
Professor Philippa Pattison, Director since 2011, resigned April 2014

Dr Jane A Thomason, Director since 2013, resigned February 2015
Directors’ Meetings

The number of Directors’ meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Burnet Institute during the financial year are:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Board of Directors</th>
<th>Audit, Compliance and Risk Committee</th>
<th>Engagement Committee</th>
<th>Budgeting and Investment Committee</th>
<th>IP and Commercialisation Committee</th>
<th>Research Advisory Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(A) (B)</td>
<td>(A) (B)</td>
<td>(A) (B)</td>
<td>(A) (B)</td>
<td>(A) (B)</td>
<td>(A) (B)</td>
</tr>
<tr>
<td>Alastair Lucas AM</td>
<td>5 4</td>
<td>3 3</td>
<td>1 1</td>
<td>4 4</td>
<td>4 4</td>
<td>– –</td>
</tr>
<tr>
<td>Brendan Crabb AC</td>
<td>5 5</td>
<td>– –</td>
<td>1 1</td>
<td>5 4</td>
<td>3 3</td>
<td>1 1</td>
</tr>
<tr>
<td>Robin Bishop</td>
<td>5 3</td>
<td>– –</td>
<td>– –</td>
<td>5 4</td>
<td>– –</td>
<td>– –</td>
</tr>
<tr>
<td>Peter Colman</td>
<td>5 4</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>3 2</td>
<td>1 1</td>
</tr>
<tr>
<td>Ross Cooke</td>
<td>5 4</td>
<td>7 7</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
</tr>
<tr>
<td>John Dowling</td>
<td>5 3</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>1 1</td>
</tr>
<tr>
<td>Ben Foskett</td>
<td>5 4</td>
<td>– –</td>
<td>– –</td>
<td>5 5</td>
<td>3 3</td>
<td>– –</td>
</tr>
<tr>
<td>Garry Hounsell</td>
<td>5 3</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
</tr>
<tr>
<td>Sharon Lewin</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
</tr>
<tr>
<td>Robert Milne</td>
<td>5 3</td>
<td>– –</td>
<td>– –</td>
<td>5 5</td>
<td>3 3</td>
<td>– –</td>
</tr>
<tr>
<td>Christina Mitchell</td>
<td>5 1</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
</tr>
<tr>
<td>Mary Padbury</td>
<td>5 1</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>3 1</td>
<td>– –</td>
</tr>
<tr>
<td>Phillipa Pattison</td>
<td>1 1</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
</tr>
<tr>
<td>Louise Pratt</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
</tr>
<tr>
<td>Jane Thomason</td>
<td>5 3</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
</tr>
<tr>
<td>Michael Toole AM</td>
<td>5 3</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>1 0</td>
</tr>
<tr>
<td>Mary Waldron</td>
<td>5 4</td>
<td>7 6</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
<td>– –</td>
</tr>
</tbody>
</table>

(A) Meetings held – reflects the number of meetings held during the time the Director held office during the year.
(B) Meetings attended.

Principal Activities

The principal activities of the Group during the financial year were medical research and associated public health activities directed at the diagnosis, treatment and control of infectious diseases and cancer in humans. The Burnet Institute is a not-for-profit organisation combining programs of clinical and laboratory research in virology and immunology with epidemiology, social research and public health programs. The Burnet Institute has been endorsed as a charitable institution by the Australian Taxation Office. As a charitable not-for-profit organisation, the Burnet Institute does not pay dividends and all non-executive directors serve in an honorary capacity. There was no significant change in the nature of this activity during the year.

Operating Results

The Group recorded a deficit in the current year of $1,343,568 (2013: surplus $2,332,240). Depreciation and amortisation amounted to $2,402,869 (2013: $2,349,026). Income tax is not applicable.

Dividends

The Burnet Institute is limited by guarantee, has no share capital and declares no dividends.

Objectives

The principal objective of the Group remains improving the health of vulnerable communities via research, public health and education. Progress against this objective is reported on at each Board meeting (as well as other reporting mechanisms) using
a variety of key indicators including the number of research grants awarded, research or project contracts won, fellowships awarded, publications, league table for Operational Infrastructure Support (Victorian State Government) and the progress reports and achievements made on ongoing grants and projects.

State of Affairs
The Group had a strong year programmatically and financially with publication numbers and financial performance exceeding targets.

Scientifically, the Group is progressing towards the goals established in the Strategic Plan 2011-16, as measured in the continued growth and improving quality of publications and the number of grants and fellowships awarded. The public health activities continue to produce a growing number of diverse technical reports to governments and other external bodies, which contribute to health policy both in Australia and internationally.

The strong fundraising performance was a key factor in financial performance for the year exceeding targets. The property business continues to operate as a self-sustainable activity. Non-cash items of depreciation, amortisation and the change in the fair value of the derivative instruments held by the Group were the main reason for an overall deficit, a favourable result when compared to budget.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

Events Subsequent to Balance Date
There has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of the Group in future financial years.

Likely Developments
The Group continues to explore strategic and operational opportunities that will address the inherent challenge of generating the appropriate levels of indirect funding to support our core medical research and public health grants.

Directors’ Benefits
Since the end of the previous financial year no Director of the Burnet Institute has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable in their capacity as full time employees as shown in the accounts) because of a contract made by the Burnet Institute, its controlled entities or a related body corporate with the Director or with a firm of which the Director is a member, or with an entity in which the Director has a substantial interest.

Indemnification and Insurance of Officers
The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors’ and Officers’ liability and legal expenses insurance other than to confirm that a policy is in force.

Rounding Off
The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Report and Directors’ Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001
The lead auditor’s independence declaration is set out on page 37 and forms part of the Directors’ Report for the year ended 31 December 2014.

Dated at Melbourne this 14th day of April 2015.
Signed in accordance with a resolution of the Directors.

Robert Milne
Director

Ross Cooke
Director
Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of the Macfarlane Burnet Institute for Medical Research and Public Health Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

[Signature]
KPMG

Alison Kitchen
Partner
Melbourne
14 April 2015
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
**(FOR THE YEAR ENDED 31 DECEMBER)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>3</td>
<td>37,097</td>
<td>33,106</td>
</tr>
<tr>
<td>Other income</td>
<td>3</td>
<td>4,486</td>
<td>4,456</td>
</tr>
<tr>
<td>Research and development laboratory consumables expenses</td>
<td></td>
<td>(3,182)</td>
<td>(2,689)</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>4</td>
<td>(19,828)</td>
<td>(17,821)</td>
</tr>
<tr>
<td>Depreciation and amortisation expenses</td>
<td></td>
<td>(1,118)</td>
<td>(1,064)</td>
</tr>
<tr>
<td>Depreciation and amortisation expenses – property management</td>
<td></td>
<td>(1,285)</td>
<td>(1,285)</td>
</tr>
<tr>
<td>Property management operating costs</td>
<td></td>
<td>(169)</td>
<td>(170)</td>
</tr>
<tr>
<td>Research and development non-laboratory expenses</td>
<td></td>
<td>(9,250)</td>
<td>(7,932)</td>
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<tr>
<td>Other expenses from ordinary activities</td>
<td>5</td>
<td>(5,344)</td>
<td>(3,846)</td>
</tr>
<tr>
<td><strong>Results from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial income</td>
<td>7</td>
<td>1,407</td>
<td>2,755</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>7</td>
<td>442</td>
<td>478</td>
</tr>
<tr>
<td><strong>Net finance costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(Deficit) Before Income Tax</td>
<td></td>
<td>(2,751)</td>
<td>(423)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td>(1,344)</td>
<td>2,332</td>
</tr>
<tr>
<td><strong>Surplus/(Deficit) After Income Tax</strong></td>
<td></td>
<td>(1,344)</td>
<td>2,332</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation differences – foreign operations</td>
<td>58</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td><strong>Total Comprehensive Income/(Loss) for the Period</strong></td>
<td></td>
<td>(1,286)</td>
<td>2,349</td>
</tr>
<tr>
<td>Surplus/(Deficit) After Income Tax Attributable to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members of the Company</td>
<td></td>
<td>(1,340)</td>
<td>2,332</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
<td>(4)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Surplus/(Deficit) After Income Tax Attributable to:</strong></td>
<td></td>
<td>(1,344)</td>
<td>2,332</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income/(Loss) Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members of the Company</td>
<td></td>
<td>(1,286)</td>
<td>2,349</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income/(Loss) for the Period</strong></td>
<td></td>
<td>(1,286)</td>
<td>2,349</td>
</tr>
</tbody>
</table>

*The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 42 to 61.*
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AS AT 31 DECEMBER)

<table>
<thead>
<tr>
<th></th>
<th>NOTE</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>20(i)</td>
<td>19,378</td>
<td>16,748</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>8</td>
<td>2,370</td>
<td>2,740</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>33</td>
<td>36</td>
</tr>
<tr>
<td>Investments</td>
<td>9</td>
<td>265</td>
<td>–</td>
</tr>
<tr>
<td>Other Assets</td>
<td>10</td>
<td>456</td>
<td>323</td>
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<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td>22,502</td>
<td>19,847</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
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<tr>
<td>Trade and other receivables</td>
<td>8</td>
<td>1,779</td>
<td>1,777</td>
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<tr>
<td>Investments</td>
<td>9</td>
<td>2,265</td>
<td>2,265</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>11</td>
<td>63,991</td>
<td>65,720</td>
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<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
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<td>68,035</td>
<td>69,762</td>
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<td><strong>TOTAL ASSETS</strong></td>
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<td>90,537</td>
<td>89,609</td>
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<td><strong>CURRENT LIABILITIES</strong></td>
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<td>Trade and other payables</td>
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<td>Borrowings</td>
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<td>480</td>
<td>469</td>
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<td>Current tax liabilities</td>
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<td>99</td>
<td>102</td>
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<td>Provisions</td>
<td>15</td>
<td>2,753</td>
<td>2,306</td>
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<tr>
<td>Deferred income</td>
<td>16</td>
<td>10,749</td>
<td>10,246</td>
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<td>Derivatives</td>
<td>17</td>
<td>112</td>
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<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
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<td>17,445</td>
<td>17,429</td>
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<td><strong>NON-CURRENT LIABILITIES</strong></td>
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<tr>
<td>Borrowings</td>
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<td>33,946</td>
<td>34,426</td>
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<td>Provisions</td>
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<td>1,270</td>
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<tr>
<td>Deferred income</td>
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<td>10,004</td>
<td>10,833</td>
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<tr>
<td>Derivatives</td>
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<td>3,426</td>
<td>2,375</td>
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<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
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<td>48,904</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
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<td>66,197</td>
<td>66,333</td>
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<td><strong>NET ASSETS</strong></td>
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<td>23,276</td>
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<tr>
<td><strong>EQUITY</strong></td>
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<tr>
<td>Retained earnings</td>
<td></td>
<td>4,318</td>
<td>3,320</td>
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<tr>
<td>Building reserve</td>
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<td>19,517</td>
<td>19,939</td>
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<tr>
<td>Foreign Currency Translation Reserve</td>
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<td>17</td>
<td></td>
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<tr>
<td>Non-controlling interests</td>
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</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>24,340</td>
<td>23,276</td>
</tr>
</tbody>
</table>

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 42 to 61.

The Macfarlane Burnet Institute for Medical Research and Public Health Limited is a signatory to the Australian Council for International Development (ACFID) Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management. In accordance with the ACFID code of conduct, the Institute had nil balances in the following categories as at the end of the financial year which are required to be disclosed separately:

- Current Assets: assets held for sale, and other financial assets;
- Non-Current Assets: other financial assets, investment property, intangibles, and other non-current assets;
- Current Liabilities: other financial liabilities and other current liabilities;
- Non-Current Liabilities: trade and other payables, other financial liabilities and other non-current liabilities.
### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(AS AT 31 DECEMBER)

<table>
<thead>
<tr>
<th></th>
<th>Retained Profits $’000</th>
<th>Building Reserve $’000</th>
<th>Foreign Currency Translation $’000</th>
<th>Non-Controlling Interests $’000</th>
<th>Total Equity $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 January 2013</strong></td>
<td>3,119</td>
<td>17,808</td>
<td>–</td>
<td>–</td>
<td>20,927</td>
</tr>
<tr>
<td>Total operating surplus/(deficit)</td>
<td>–</td>
<td>–</td>
<td>17</td>
<td>–</td>
<td>17</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2013</strong></td>
<td>3,320</td>
<td>19,939</td>
<td>17</td>
<td>–</td>
<td>23,276</td>
</tr>
<tr>
<td>Total other comprehensive income for the period</td>
<td>–</td>
<td>–</td>
<td>58</td>
<td>–</td>
<td>58</td>
</tr>
<tr>
<td>Acquisition of non-controlling interest</td>
<td>1,916</td>
<td>–</td>
<td>–</td>
<td>434</td>
<td>2,350</td>
</tr>
<tr>
<td>Operating surplus/(deficit)</td>
<td>(918)</td>
<td>(422)</td>
<td>–</td>
<td>(4)</td>
<td>(1,344)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2014</strong></td>
<td>4,318</td>
<td>19,517</td>
<td>75</td>
<td>430</td>
<td>24,340</td>
</tr>
</tbody>
</table>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 42 to 61.
### CONSOLIDATED STATEMENT OF CASH FLOWS
**(FOR THE YEAR ENDED 31 DECEMBER)**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts in the course of operations</td>
<td>44,022</td>
<td>41,023</td>
</tr>
<tr>
<td>Cash payments in the course of operations</td>
<td>(41,011)</td>
<td>(34,062)</td>
</tr>
<tr>
<td>Cash generated from operating activities</td>
<td>3,011</td>
<td>6,961</td>
</tr>
<tr>
<td>Interest received</td>
<td>442</td>
<td>478</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(2,028)</td>
<td>(2,255)</td>
</tr>
<tr>
<td><strong>Net cash provided by /(used in) operating activities</strong></td>
<td>20(ii)</td>
<td>1,425</td>
</tr>
<tr>
<td><strong>Cash Flows from Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(786)</td>
<td>(668)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>110</td>
<td>40</td>
</tr>
<tr>
<td>(Acquisition)/disposal of investment</td>
<td>–</td>
<td>209</td>
</tr>
<tr>
<td><strong>Net cash provided by /(used in) investing activities</strong></td>
<td>(676)</td>
<td>(419)</td>
</tr>
<tr>
<td><strong>Cash Flows from Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of finance lease liabilities</td>
<td>(169)</td>
<td>(170)</td>
</tr>
<tr>
<td>Proceeds from sale of subsidiary shares to non-controlling entity</td>
<td>2,350</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds of finance lease</td>
<td>–</td>
<td>565</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(300)</td>
<td>(300)</td>
</tr>
<tr>
<td><strong>Net cash provided by /(used in) financing activities</strong></td>
<td>1,881</td>
<td>95</td>
</tr>
<tr>
<td>Net increase /(decrease) in cash held</td>
<td>2,630</td>
<td>4,860</td>
</tr>
<tr>
<td>Cash at the beginning of the financial year</td>
<td>16,748</td>
<td>11,888</td>
</tr>
<tr>
<td><strong>Cash at the End of the Financial Year</strong></td>
<td>20(i)</td>
<td>19,378</td>
</tr>
</tbody>
</table>

*The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 42 to 61.*
CONSORTIUMED NOTES TO THE FINANCIAL STATEMENTS
(FOR THE YEAR ENDED 31 DECEMBER)

1. REPORTING ENTITY
The Macfarlane Burnet Institute for Medical Research and Public Health Limited (Burnet Institute) is a company limited by guarantee and is domiciled in Australia. The address of the Burnet Institute’s registered office is 85 Commercial Road, Melbourne, Victoria, Australia 3004. The consolidated financial statements of the Burnet Institute as at and for the year ended 31 December 2014 comprise the Burnet Institute and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’). The Group is a not-for-profit entity and is primarily involved in medical research and associated public health activities directed at the diagnosis, treatment and control of infectious diseases and cancer in humans.

1.1 Basis of Preparation
(i) Statement of compliance
The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements were authorised for issue by the Board of Directors on 14 April 2015.

(ii) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:
• derivative financial instruments are measured at fair value;
• income securities are measured at fair value.
The method used to measure fair values is discussed further in Note 1.2.

During the preparation of the Financial Report the Directors made an assessment of the ability of the Group to continue as a going concern, which included an assessment of the continuity of business operations, realisation of assets and settlement of liabilities in the normal course of business. The Directors also assessed the loan interest and principal repayments, swap and cap arrangements, and rental income over the next five to ten years and the obligations associated with the various loan covenants. The Directors also considered the likelihood of financial support and funding from the State and Federal Governments on which the Group is dependent for its ongoing operations. As a result of their review they are of the opinion that the going concern basis of accounting is appropriate in the preparation of the Financial Report.

(iii) Functional and presentation currency
These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Parent Entity. The Burnet Institute is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(iv) Use of estimates and judgements
The preparation of the consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following Notes:
• Note 1.11 – Impairment
• Note 15 – Provisions

(v) Changes in accounting policies
The principal standards that have been adopted for the first time in these financial statements are:
• AASB 13 Fair Value Measurement:
  Replaces fair value measurement guidance in individual AASBs with a single source of fair value measurement guidance and sets out disclosure requirements for fair value measurements. It does not introduce new fair value measurements, nor does it eliminate the practicality exceptions to fair value that currently exist in certain standards.
• AASB 119 Employee Benefits:
  The amendments to AASB 119 revise the accounting for a number of employee benefit transactions:
Amended definitions for short-term and long-term benefits, with more benefits, such as annual leave now measured as long-term benefits; and

Earlier recognition of termination benefits in relation to restructuring.

1.2 Financial Instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Available for Sale Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair values in accordance with the Group’s documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and at call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Derivative financial instruments

The Group has chosen to hedge its interest rate risk exposure on the ACS2 loan facility by cap and swap transactions (refer Note 17). These are the only derivative financial instruments that the Group is involved in and are considered by the Directors to be a prudent means to manage risk associated with fluctuations in interest rates.

The derivative financial instruments do not qualify for hedge accounting. Derivatives are recognised initially at fair value, attributable transaction costs are recognised in the Statement of Comprehensive Income when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes are recognised immediately in the Statement of Comprehensive Income. The fair value of interest rate swaps and caps is based on lender quotes.
1.3 Inventories
Inventories are comprised of laboratory materials and are valued at the lower-of-cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

1.4 Property, Plant and Equipment
(i) Owned assets
Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy Note 1.11). Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy Note 1.11). The cost of self-constructed assets under lease arrangements includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see below). Lease payments are accounted for as described in accounting policy Note 1.8(ii).

Other leases are operating leases and are not recognised in the Statement of Financial Position.

(iii) Subsequent costs
The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense when incurred.

(iv) Depreciation
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The depreciation rates used for the current and comparative years are as follows:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>2% to 2.5%</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>10% to 20%</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>33.3%</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>20%</td>
</tr>
</tbody>
</table>

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1.5 Employee Benefits
(i) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

(ii) Long-term service benefits
The Group’s net obligation in respect of long-term service benefits, other than defined benefit plans, is the amount of future benefit that employees have earned in return for their service in the 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 Government bonds at the balance date which have maturity
dates approximating to the terms of the Group's obligations.

(iii) **Wages, salaries, annual leave, sick leave and non-monetary benefits**
Liabilities for employee benefits for wages, salaries, annual leave and sick 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,
are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at
reporting date including related on-costs, such as workers compensation insurance.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services,
are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility
of withdrawal, to a formal detailed plan to either terminate an employee before the normal retirement date, or to provide
termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary
redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable
that the offer will be accepted, and the number of acceptances can be estimated reliably.

1.6 **Revenue Recognition**

(i) **Contract R&D revenue/consultancies**
R&D contract income is recognised in the Statement of Comprehensive Income to the extent that R&D expenditure to which
it relates has been incurred. Until this time, funds drawn down in accordance with the relevant R&D funding agreement are
recognised in the Statement of Financial Position as deferred income.

(ii) **Grant income**
   
   **Reciprocal grants**
Grants received on the condition that specified services be delivered, or conditions fulfilled, are considered reciprocal.
   Such grants are initially recognised in the Statement of Financial Position as deferred income and revenue is recognised as
   services are performed or conditions are fulfilled.
   
   **Non-reciprocal grants**
Where a grant is received where there is no performance obligation or return obligation, revenue is recognised when the
grant is received or receivable.

(iii) **Government contributions towards capital works (capital grants)**
Government contributions to assist in the acquisition or construction of non-current assets are recognised as an asset and
revenue when all conditions of the grants have been satisfied.

(iv) **Donations**
Donations are recognised as income in the Statement of Comprehensive Income, as and when received, unless they are for
specific purposes in which case they will be recognised when the conditions are fulfilled.

(v) **Interest and other income**
Interest and other income is recognised in the Statement of Comprehensive Income as it accrues, taking into account the
   effective yield on the financial asset.

(vi) **Asset sales**
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from
disposal with the carrying amount of property, plant and equipment and are recognised as other income or other expenses
in the Statement of Comprehensive Income.

(vii) **Rental income**
Rental income is recognised as income in the Statement of Comprehensive Income on a straight-line basis over the term
of the lease.

1.7 **Finance Income and Expenses**
Finance income comprises interest income of funds invested and gains on revaluation of investments. Interest income
is recognised as it accrues in the Statement of Comprehensive Income, using the effective interest method.

Finance expenses comprise interest expense on borrowings and changes in the fair value of derivative financial
instruments. All interest expense on borrowings is recognised in the Statement of Comprehensive Income, using the
effective interest method.
1.8 Expenses

(i) Operating lease payments
Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments
Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Borrowing costs
Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to those borrowings, net of any interest earned on those borrowings. Where funds are borrowed for the acquisition of a qualifying asset, borrowing costs are capitalised using a weighted average.

1.9 Income Tax
The Burnet Institute is exempt from paying income tax under Section 50-5 of the Income Tax Assessment Act, 1997.

1.10 Goods and Services Tax
Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1.11 Impairment

(i) Non-derivative financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and adverse changes in the payment status of borrowers or issuers in the Group.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for any impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflect in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in the profit or loss.

(ii) Non-financial assets
The carrying amounts of non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is
estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are recognised as a reduction in the carrying amounts of the assets in the CGU on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Under AASB 136, the Group can elect to have the carrying amount of non-current assets' impairment reviewed at each reporting date using a depreciated replacement cost valuation. If any such indication exists, the asset will be tested for impairment by comparing its recoverable amount to its carrying amount. Reversal of a previously recorded impairment will be recorded in the Statement of Comprehensive Income where appropriate. In respect of not-for-profit entities, where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

1.12 Comparatives
Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

1.13 Segment Reporting
The Group determines and presents operating segments based on the information that is internally presented to the CEO, who is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

1.14 Basis of Consolidation
(i) Business Combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests (NCI)
NCI are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (cont.)
(FOR THE YEAR ENDED 31 DECEMBER)

(iv) Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related
NCI and other components of equity related to the subsidiary. Any resulting surplus or deficit is recognised in the Statement
of Comprehensive Income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions,
are eliminated.

1.15 Foreign Currency Transactions
(i) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange
rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange
rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are
translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that
are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the
transaction. Foreign currency differences are generally recognised in the Statement of Comprehensive Income.

(ii) Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition,
are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign
operations are translated into Australian dollars at exchange rates at the dates of the transactions.
Foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve,
except to the extent that the translation difference is allocated to NCI.
When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is
lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as
part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the
relevant proportion of the cumulative amount is reattributed to NCI.
When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to
occur in the foreseeable future, the foreign currency differences arising from such items form part of the net investment in
the foreign operation. Accordingly, such differences are recognised in Other Comprehensive Income and accumulated in the
translation reserve in equity.

2. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED
There are no standards, amendments to standards and interpretations which have been identified as those which may impact
the entity in the period of initial application.

3. REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants – operating</td>
<td>15,989</td>
<td>13,819</td>
</tr>
<tr>
<td>Grants – Victorian</td>
<td>3,229</td>
<td>3,488</td>
</tr>
<tr>
<td>Government operational</td>
<td></td>
<td></td>
</tr>
<tr>
<td>infrastructure support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>4,694</td>
<td>4,859</td>
</tr>
<tr>
<td>Contract R&amp;D consultancies</td>
<td>12,095</td>
<td>10,126</td>
</tr>
<tr>
<td>Contract Services</td>
<td>554</td>
<td>561</td>
</tr>
<tr>
<td>Other income – miscellaneous</td>
<td>536</td>
<td>253</td>
</tr>
<tr>
<td><strong>Operating Revenue</strong></td>
<td><strong>37,097</strong></td>
<td><strong>33,106</strong></td>
</tr>
<tr>
<td>Rental income</td>
<td>3,657</td>
<td>3,627</td>
</tr>
<tr>
<td>Prepaid rent amortisation</td>
<td>829</td>
<td>829</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td><strong>4,486</strong></td>
<td><strong>4,456</strong></td>
</tr>
</tbody>
</table>
### 4. Personnel Expenses

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and wages</td>
<td>17,548</td>
<td>16,797</td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>2,280</td>
<td>1,024</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,828</strong></td>
<td><strong>17,821</strong></td>
</tr>
</tbody>
</table>

### 5. Other Expenses

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss on disposal of property, plant and equipment</td>
<td>2</td>
<td>35</td>
</tr>
<tr>
<td>Operating lease rental expenses</td>
<td>81</td>
<td>82</td>
</tr>
<tr>
<td>Facilities and laboratory support</td>
<td>2,220</td>
<td>1,615</td>
</tr>
<tr>
<td>Other administration</td>
<td>3,041</td>
<td>2,114</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,344</strong></td>
<td><strong>3,846</strong></td>
</tr>
</tbody>
</table>

### 6. Auditors’ Remuneration

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit Service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPMG Australia:</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Audit and review of financial reports</td>
<td>50,000</td>
<td>48,000</td>
</tr>
<tr>
<td>Other regulatory audit services</td>
<td>8,760</td>
<td>21,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58,760</strong></td>
<td><strong>69,000</strong></td>
</tr>
</tbody>
</table>

### 7. Net Financing Costs

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>442</td>
<td>478</td>
</tr>
<tr>
<td>Financial Income</td>
<td>442</td>
<td>478</td>
</tr>
<tr>
<td>Increase/(Decrease) in fair value of derivatives</td>
<td>(1,165)</td>
<td>1,354</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(2,028)</td>
<td>(2,255)</td>
</tr>
<tr>
<td>Financial Expenses</td>
<td>(3,193)</td>
<td>(901)</td>
</tr>
<tr>
<td><strong>Net Financing Costs</strong></td>
<td><strong>(2,751)</strong></td>
<td><strong>(423)</strong></td>
</tr>
</tbody>
</table>
8. TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>NOTE</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td></td>
<td>2,465</td>
<td>2,740</td>
</tr>
<tr>
<td>Less: allowance for doubtful debts</td>
<td></td>
<td>(95)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27</td>
<td>2,370</td>
</tr>
<tr>
<td><strong>Non-Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease receivables</td>
<td></td>
<td>27</td>
<td>1,779</td>
</tr>
</tbody>
</table>

9. INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>NOTE</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Investment in shares</td>
<td></td>
<td>265</td>
<td>–</td>
</tr>
<tr>
<td><strong>Non-Current Investments</strong></td>
<td></td>
<td>2,265</td>
<td>2,265</td>
</tr>
<tr>
<td>• Investment in AMREP AS Pty Ltd – animal facility 306 fully paid shares at cost</td>
<td></td>
<td>2,265</td>
<td>2,265</td>
</tr>
<tr>
<td>• Fully paid ordinary shares in Ascend Biopharmaceuticals Pty Ltd valued at cost</td>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27</td>
<td>2,265</td>
</tr>
<tr>
<td><strong>Reconciliation:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investments opening balance</td>
<td></td>
<td>2,265</td>
<td>2,472</td>
</tr>
<tr>
<td>Write up/(down) of income securities to fair value</td>
<td></td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Sale of income securities</td>
<td></td>
<td>–</td>
<td>(209)</td>
</tr>
<tr>
<td>Total Investments Closing Balance</td>
<td></td>
<td>2,265</td>
<td>2,265</td>
</tr>
</tbody>
</table>

As at 31 December 2014, the Group held 12.5% (2013: 12.5%) of Ascend Biopharmaceuticals Pty Ltd (formerly IgAvax Pty Ltd). The amount of investment in this company was $nil and the contribution to the surplus of the Group was $nil.

10. OTHER ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>456</td>
<td>323</td>
</tr>
</tbody>
</table>
11. PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th>Cost</th>
<th>Leasehold buildings $’000</th>
<th>Plant and equipment $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2013</td>
<td>71,888</td>
<td>9,860</td>
<td>81,748</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>–</td>
<td>668</td>
<td>668</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(418)</td>
<td>(418)</td>
</tr>
<tr>
<td>Balance at 31 December 2013</td>
<td>71,888</td>
<td>10,110</td>
<td>81,998</td>
</tr>
<tr>
<td>Balance at 1 January 2014</td>
<td>71,888</td>
<td>10,110</td>
<td>81,998</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>–</td>
<td>786</td>
<td>786</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(706)</td>
<td>(706)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2014</strong></td>
<td><strong>71,888</strong></td>
<td><strong>10,190</strong></td>
<td><strong>82,078</strong></td>
</tr>
</tbody>
</table>

**Depreciation**

| Balance at 1 January 2013                 | (7,245)                   | (7,027)                   | (14,272)    |
| Depreciation charge for the year          | (1,713)                   | (636)                     | (2,349)     |
| Disposals                                 | –                         | 343                       | 343         |
| Balance at 31 December 2013               | (8,958)                   | (7,320)                   | (16,278)    |
| Balance at 1 January 2014                 | (8,958)                   | (7,320)                   | (16,278)    |
| Depreciation charge for the year          | (1,713)                   | (690)                     | (2,403)     |
| Disposals                                 | –                         | 594                       | 594         |
| **Balance at 31 December 2014**           | **(10,671)**              | **(7,416)**               | **(18,087)**|

**Carrying amounts**

| At 1 January 2013                         | 64,643                    | 2,833                     | 67,476      |
| At 31 December 2013                       | 62,930                    | 2,790                     | 65,720      |
| At 1 January 2014                         | 62,930                    | 2,790                     | 65,720      |
| **At 31 December 2014**                   | **61,217**                | **2,774**                 | **63,991**  |

The existing leasehold within the Burnet Tower is subject to a 50 year lease ending in 2060. The Alfred Centre Stage 2 (ACS2) leasehold building floors are subject to a 40 year lease for levels 4 to 6 (ending 2050) and a 50 year lease for level 7 (ending 2060).

The Group completed the construction of the ACS2 project which comprises 14,490 square metres of net lettable area contained in levels 4 to 7 of the ACS2 project. The original carrying value of the Group’s interest in the ACS2 project was based on the March 2010 valuation of the future cash flows, discounted to their present value. Depreciation has been recorded on this asset since it was first recognised.
12. TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>1,020</td>
<td>1,461</td>
</tr>
<tr>
<td>Other payables</td>
<td>2,232</td>
<td>2,845</td>
</tr>
<tr>
<td></td>
<td>3,252</td>
<td>4,306</td>
</tr>
</tbody>
</table>

13. BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortised cost.

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>180</td>
<td>169</td>
</tr>
<tr>
<td>Current portion of secured bank loans (ACS2)</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>480</td>
<td>469</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>46</td>
<td>226</td>
</tr>
<tr>
<td>Non-Current portion of secured bank loans (ACS2)</td>
<td>33,900</td>
<td>34,200</td>
</tr>
<tr>
<td></td>
<td>33,946</td>
<td>34,426</td>
</tr>
</tbody>
</table>

Finance lease liabilities are payable as follows:

<table>
<thead>
<tr>
<th>31 December 2014 ($’000)</th>
<th>Minimum Lease Payments</th>
<th>Interest</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>189</td>
<td>9</td>
<td>180</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>47</td>
<td>1</td>
<td>46</td>
</tr>
<tr>
<td>More than five years</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>236</td>
<td>10</td>
<td>226</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 December 2013 ($’000)</th>
<th>Minimum Lease Payments</th>
<th>Interest</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>189</td>
<td>20</td>
<td>169</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>236</td>
<td>10</td>
<td>226</td>
</tr>
<tr>
<td>More than five years</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>425</td>
<td>30</td>
<td>395</td>
</tr>
</tbody>
</table>

Financing arrangements

Bank loans

Interest rate on finance lease liabilities was 6.27% (2013: 6.27%). During 2008, the Institute entered into an arrangement with its bank to borrow $35.25 million at the prevailing 90-day BBSW plus 0.85 per cent line fee. This bank loan is secured by a fixed and floating charge over all of the Burnet Institute’s assets. The loan is for a period of ten years effective May 2011. Refer Note 17 for details of the swap and cap associated with this loan. The Burnet Institute is compliant with all bank covenants. One of the bank covenants requires the Institute to maintain an investment balance of at least $5 million, which as at 31 December 2014 and 31 December 2013 is all invested in short-term deposits.
14. CURRENT TAX LIABILITIES

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBT Provision</td>
<td>27</td>
<td>99</td>
</tr>
</tbody>
</table>

There are no income tax liabilities as the Institute is a tax exempt entity.

15. PROVISIONS

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability for long-service leave</td>
<td>1,826</td>
<td>1,413</td>
</tr>
<tr>
<td>Liability for annual leave</td>
<td>927</td>
<td>893</td>
</tr>
<tr>
<td></td>
<td>2,753</td>
<td>2,306</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability for long-service leave</td>
<td>1,376</td>
<td>1,270</td>
</tr>
</tbody>
</table>

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

- **Assumed rate of increase in wage and salary rates**: 3.1% (2014), 3.1% (2013)
- **Average discount rate**: 2.4% (2014), 3.6% (2013)
- **Settlement term (years)**: 9 (2014), 9 (2013)

**Number of employees**

- **Number of employees at year end (FTE)**: 168 (2014), 157 (2013)

**Superannuation plans**

The Group contributes to various accumulation style superannuation plans. Employer contributions are at the rate required to satisfy its obligations under the Superannuation Guarantee legislation, currently 9.5% of salary. The Group may make additional contributions by agreement with employees.

16. DEFERRED INCOME

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other grants</td>
<td>9,132</td>
<td>8,606</td>
</tr>
<tr>
<td>Deferred donations</td>
<td>788</td>
<td>811</td>
</tr>
<tr>
<td>Rentals received in advance</td>
<td>829</td>
<td>829</td>
</tr>
<tr>
<td></td>
<td>10,749</td>
<td>10,246</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rentals received in advance</td>
<td>10,004</td>
<td>10,833</td>
</tr>
</tbody>
</table>

General research operating grants are deferred where there is an obligation to repay amounts which are not spent in accordance with the conditions specified.

**Rentals received in advance**

The rentals received in advance relate to: The Baker IDI Heart and Diabetes Institute's contribution to the ACS2 project which covers a 21 year lease of part of level 4; and to Monash University in respect of space given up in the Burnet Tower in exchange for 13 years rent free space in the ACS2 project.
CONSORTIUMB NOTES TO THE FINANCIAL STATEMENTS (cont.)
(FOR THE YEAR ENDED 31 DECEMBER)

17. DERIVATIVES

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate cap</td>
<td>112</td>
<td>–</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swap</td>
<td>3,426</td>
<td>2,118</td>
</tr>
<tr>
<td>Interest rate cap</td>
<td>–</td>
<td>257</td>
</tr>
<tr>
<td></td>
<td>3,426</td>
<td>2,375</td>
</tr>
</tbody>
</table>

The Institute entered into an interest rate cap transaction in 2008 whereby $27.2 million of the secured bank loan to finance ACS2 is subject to a capped BBSW rate of 7.5% per annum for a fixed rate of 0.58% until 31 December 2015. In 2010, the Institute entered into an interest rate swap transaction whereby $20.4 million of the secured bank loan to finance ACS2 is fixed at an interest rate of 6.025% (before line fees) until 30 September 2020. The cap and swap transactions were taken out to provide long-term protection from exposure to rising interest rates.

18. CAPITAL AND RESERVES

Building reserve
The building reserve relates to building and relocation grants received and expenses incurred in connection with the premises occupied by the Institute. Where a building is permanently vacated the related reserve will be derecognised.

Foreign Currency Translation Reserve
The Foreign Currency Translation Reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19. OPERATING LEASES

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases as lessee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cancellable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>operating lease</td>
<td></td>
<td></td>
</tr>
<tr>
<td>rentals payable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>81</td>
<td>62</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>289</td>
<td>–</td>
</tr>
<tr>
<td>More than five years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>370</td>
<td>62</td>
</tr>
</tbody>
</table>

| Leases as lessor     |            |            |
| The Institute leases out space that it controls to third parties. |
| Non-cancellable      |            |            |
| operating lease      |            |            |
| rentals receivable:  |            |            |
| Less than one year   | 3,601      | 3,442      |
| Between one and five years | 12,860    | 13,454     |
| More than five years | 44,794     | 47,801     |
|                      | 61,255     | 64,697     |

During the year $4.5 million was recognised as rental income in the Statement of Comprehensive Income (2013: $4.5 million)
20. NOTES TO THE CONSOLIDATED STATEMENT OF CASH Flows

(i) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding overdrafts. Cash as 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:

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>27</td>
<td>19,378</td>
</tr>
</tbody>
</table>

(ii) Reconciliation of operating surplus/(deficit) after income tax to net cash from operating activities:

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(deficit) for the period</td>
<td>(1,344)</td>
<td>2,332</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>11</td>
<td>2,403</td>
</tr>
<tr>
<td>Amortisation of rent in advance</td>
<td>(829)</td>
<td>(829)</td>
</tr>
<tr>
<td>Lease revenue not billed</td>
<td>(2)</td>
<td>(495)</td>
</tr>
<tr>
<td>Increase in provision for doubtful debts</td>
<td>(95)</td>
<td>–</td>
</tr>
<tr>
<td>Change in fair value of derivatives</td>
<td>7</td>
<td>1,163</td>
</tr>
<tr>
<td>(Gain)/Loss on revaluation of investments</td>
<td>9</td>
<td>–</td>
</tr>
<tr>
<td>Donation of investments</td>
<td>(265)</td>
<td>–</td>
</tr>
<tr>
<td>Amounts set aside in provisions</td>
<td>553</td>
<td>(216)</td>
</tr>
<tr>
<td>Gain/Loss on disposal of property, plant and equipment</td>
<td>2</td>
<td>35</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>58</td>
<td>17</td>
</tr>
<tr>
<td>Operating surplus/(deficit) before changes in working capital and provisions</td>
<td>1,644</td>
<td>1,837</td>
</tr>
<tr>
<td>(Increase)/decrease in trade and other receivables</td>
<td>465</td>
<td>2,036</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>3</td>
<td>(3)</td>
</tr>
<tr>
<td>(Increase)/decrease in other assets</td>
<td>(133)</td>
<td>126</td>
</tr>
<tr>
<td>(Decrease)/increase in grant deferred income</td>
<td>503</td>
<td>592</td>
</tr>
<tr>
<td>(Decrease)/increase in trade and other payables</td>
<td>(1,054)</td>
<td>604</td>
</tr>
<tr>
<td>(Decrease)/increase in current tax liabilities</td>
<td>(3)</td>
<td>(8)</td>
</tr>
<tr>
<td>Net Cash from Operating Activities</td>
<td>1,425</td>
<td>5,184</td>
</tr>
</tbody>
</table>

21. REMUNERATION OF KEY MANAGEMENT PERSONNEL

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>1,476,000</td>
<td>1,429,000</td>
</tr>
<tr>
<td>Termination benefits</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>1,476,000</td>
<td>1,429,000</td>
</tr>
</tbody>
</table>
22. PARTICULARS IN RELATION TO CONTROLLED ENTITIES
The Group has an interest in six subsidiary companies which were originally formed to manage R&D projects in partnership with other parties. Other than intellectual property these companies have no material assets or liabilities. As there is no reliable measure of the value of this intellectual property, the carrying value of the investment in the following companies is recorded as $nil: The Group also has acquired 3 companies in China which had no assets or liabilities at the time of acquisition. The results of these Chinese companies are recorded in these financial statements.

<table>
<thead>
<tr>
<th>Entity</th>
<th>Interest Held</th>
<th>Amount of Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macfarlane Burnet Syndicate No. 1 Pty Ltd</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Macfarlane Burnet Syndicate No. 2 Pty Ltd</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Hep R&amp;D Pty Ltd</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Actract Pty Ltd</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Hepgenics Pty Ltd</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Picoral Pty Ltd</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Burnet Institute (Hong Kong) Limited</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Biopoint Nanjing Diagnostic Technology Co. Limited</td>
<td>78.75</td>
<td>100</td>
</tr>
<tr>
<td>Biopoint Hong Kong Limited</td>
<td>78.75</td>
<td>–</td>
</tr>
</tbody>
</table>

During the year a third party contributed equity to Biopoint Hong Kong Limited which resulted in them owning 21.25% of the shares in Biopoint Hong Kong Limited and thus a 21.25% interest in Biopoint Nanjing Diagnostic Technology Co. Limited, and Burnet recording a gain from their dilution of $2.35 million which is recorded in equity.

23. RELATED PARTY TRANSACTIONS
The Group purchased services from AMREP AS Pty Ltd during the year on normal commercial terms amounting to $167,210 (2013: $259,290). During the year various directors made donations to the Group totalling $121,100 (2013: $181,000). During the year the Group received fees totalling $1,163,541 (2013: $969,360) from a Director related entity.

24. SUBSEQUENT EVENTS
There has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Group, the results of those operations, or the state of the Group in future financial years.
25. SEGMENT INFORMATION

The Group has two reportable segments, as described below, which represent the two main focuses of the Group. For each segment the CEO reviews internal management reports on a regular basis. The Group operates out of one geographical area, Australia, with projects being implemented in various areas, including Australia, Asia, Africa and the Pacific. The following summary describes the operations in each of the Group's reportable segments.

- Property Management – Includes rental income and expenses associated with the space leased
- Medical Research and Public Health – Includes activities around the conduct of medical research and the provision of public health work.

Information regarding the results of each reportable segment are included below. Performance is measured based on segment surplus or deficit in addition to a number of non-financial metrics.

<table>
<thead>
<tr>
<th>Information about reportable segments ($'000)</th>
<th>Property Management</th>
<th>Medical Research &amp; Public Health</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenues</td>
<td>4,486</td>
<td>4,456</td>
<td>37,097</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income (2014)</td>
<td>252</td>
<td>274</td>
<td></td>
</tr>
<tr>
<td>Interest expense (2013)</td>
<td>(2,028)</td>
<td>(2,255)</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(1,285)</td>
<td>(1,285)</td>
<td>(1,118)</td>
</tr>
<tr>
<td>Reportable segment profit/(loss)</td>
<td>(422)</td>
<td>2,131</td>
<td>(922)</td>
</tr>
</tbody>
</table>

Other material non-cash items

- Fair value adjustment of derivative (2014) | (1,165) | (1,354)| (1,165) | (1,354)|

Reportable segment assets

| Investment in associates                     |         |        | 2,265   | 2,265  | 2,265   | 2,265  |
| Capital expenditure                          |         |        | 786     | 668    | 786     | 668    |

Reportable segment liabilities

|                                             | 49,003  | 49,332 | 17,194  | 17,001 | 66,197  | 66,333 |

26. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- interest-rate risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this Financial Report. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is also responsible for developing and monitoring risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash on deposit and from the Group's receivables from customers and investment securities. In relation to credit risk arising from cash on deposit, the Group only deposits with highly rated counterparties as approved by the Board.
Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. Work is only undertaken for another entity once a contract for services has been signed. The demographics of the Group's debtor base, including the default risk of the industry and country in which debtors operate, have less of an influence on credit risk. Approximately 45% (2013: 41%) of the Group's revenue is attributable to transactions with a single debtor, being the Commonwealth Government. However, geographically there is only concentration of credit risk in Australia. Most of the Group's debtors have been transacting with the Group for a number of years, and losses have occurred infrequently. In monitoring debtor credit risk, debtors' ageing profiles are reviewed as well as any existence of previous financial difficulties. The Group has established an allowance for impairment that represents its estimate of possible losses in respect of trade and other receivables. This allowance is the aggregate of specific possible losses from identified debtors.

Investments
The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a solid credit rating in consultation with the Board and other advisors. Management does not expect any counterparty to fail to meet its obligations.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitor cash flow requirements on a daily basis to optimise its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations without the need to draw down from its investments; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following line of credit:
• $250,000 overdraft facility that is secured against the assets of the Group. Interest would be payable at the base lending rate plus 0.75% margin.

Capital risk management
During 2008, the Burnet Institute entered into an arrangement with its bank to borrow $35.25 million at the prevailing 90-day BBSW plus 0.85 per cent line fee. This bank loan is secured by a fixed and floating charge over all of the Burnet Institute's assets. The loan translated from a construction facility to a term facility in May 2011 and is for a period of 10 years. Refer to Note 17 for details of the swap and cap associated with this loan. Principal is repaid over the course of the term facility according to an agreed schedule as set out in the Loan Agreement. Management monitor the loan facility on a regular basis to ensure that all loan covenants and reporting requirements are met.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group can enter into derivatives in order to manage market risks in consultation with the Board and other advisors. As explained above, the only derivative financial instruments the Group is currently involved in are a cap and a swap transaction (Note 17) to manage potential interest rate fluctuations on the ACS2 loan facility. Group risk is also minimised due to limited holdings of foreign currency and equities.

Interest rate risk
The Group has adopted a policy to mitigate its interest rate risk by entering into interest rate swaps and caps to manage its overall exposure. Refer Note 17.
27. FINANCIAL INSTRUMENTS
Credit risk
Exposure to credit risk
The carrying amount of the Group’s financial assets represents the maximum credit exposure. The Group’s maximum exposure to credit risk at the reporting date was:

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>NOTE</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>9</td>
<td>2,530</td>
<td>2,265</td>
</tr>
<tr>
<td>Receivables</td>
<td>8</td>
<td>4,149</td>
<td>4,517</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>20(i)</td>
<td>19,378</td>
<td>16,748</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>26,057</strong></td>
<td><strong>23,530</strong></td>
</tr>
</tbody>
</table>

The Group’s maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>Australia</th>
<th>3,899</th>
<th>4,325</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>87</td>
<td>144</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>161</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>–</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>4,149</td>
<td>4,517</td>
</tr>
</tbody>
</table>

Impairment losses:
The ageing of the Group’s trade receivables at the reporting date was:

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not past due</td>
<td>3,760</td>
<td>3,938</td>
</tr>
<tr>
<td>Past due 0-30 days</td>
<td>130</td>
<td>246</td>
</tr>
<tr>
<td>Past due 31-60 days</td>
<td>120</td>
<td>159</td>
</tr>
<tr>
<td>More than 60 days</td>
<td>234</td>
<td>174</td>
</tr>
<tr>
<td>Less allowance for doubtful debts</td>
<td>(95)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,149</td>
<td>4,517</td>
</tr>
</tbody>
</table>

There was no impairment loss recognised on investments. The allowance in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.
Liquidity risk
The following are the contractual maturities of financial liabilities measured at amortised cost, including estimated interest payments and excluding the impact of netting agreements:

<table>
<thead>
<tr>
<th>31 December 2014 (S’000)</th>
<th>Carrying amount</th>
<th>Contractual cash flows</th>
<th>6 mths or less</th>
<th>6–12 mths</th>
<th>1–2 years</th>
<th>2–5 years</th>
<th>More than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-derivative financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured bank loan</td>
<td>34,200</td>
<td>49,539</td>
<td>1,382</td>
<td>1,382</td>
<td>2,885</td>
<td>11,723</td>
<td>32,167</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>3,252</td>
<td>3,252</td>
<td>3,252</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>226</td>
<td>236</td>
<td>94</td>
<td>94</td>
<td>48</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>37,777</td>
<td>53,126</td>
<td>4,827</td>
<td>1,476</td>
<td>2,933</td>
<td>11,723</td>
<td>32,167</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 December 2013 (S’000)</th>
<th>Carrying amount</th>
<th>Contractual cash flows</th>
<th>6 mths or less</th>
<th>6–12 mths</th>
<th>1–2 years</th>
<th>2–5 years</th>
<th>More than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-derivative financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured bank loan</td>
<td>34,500</td>
<td>52,311</td>
<td>1,392</td>
<td>1,387</td>
<td>2,758</td>
<td>8,833</td>
<td>37,941</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>4,306</td>
<td>4,306</td>
<td>4,306</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>102</td>
<td>102</td>
<td>102</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>395</td>
<td>424</td>
<td>94</td>
<td>94</td>
<td>188</td>
<td>48</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>39,303</td>
<td>57,143</td>
<td>5,894</td>
<td>1,481</td>
<td>2,946</td>
<td>8,881</td>
<td>37,941</td>
</tr>
</tbody>
</table>

Contractual cash flows for the secured bank loan are estimated assuming an average interest rate of 7.21% over the life of the loan with principal repayments as set out in the loan agreement.

Foreign currency risk
The Group is exposed to foreign currency risk on revenue, purchases and bank accounts that are denominated in a currency other than the functional currency of the Parent Entity. The currency giving rise to this risk is primarily US dollars (USD). At any point in time the Group has a natural hedge on USD transactions as it holds a USD bank account to pay USD denominated expenses.

Sensitivity analysis
For the year ended 31 December 2014, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's deficit by approximately $28,000 (2013: $44,000).

As at 31 December 2014, it is estimated that a general increase of ten percentage points in the value of the AUD against other foreign currencies would have increased the Group's deficit by approximately $28,470 (2014: $51,730).

Fair values
The fair value of relevant recognised assets and liabilities are approximate to the values shown in the Statement of Financial Position.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2014 (S'000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share investment</td>
<td></td>
<td>265</td>
<td></td>
<td>265</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>–</td>
<td>3,538</td>
<td>–</td>
<td>3,538</td>
</tr>
<tr>
<td><strong>31 December 2013 (S'000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>–</td>
<td>2,375</td>
<td>–</td>
<td>2,375</td>
</tr>
</tbody>
</table>

### 28. PARENT ENTITY DISCLOSURES

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Result of the parent entity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(deficit) for the period</td>
<td>(859)</td>
<td>2,391</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>(859)</td>
<td>2,391</td>
</tr>
</tbody>
</table>

| **Financial position of the parent entity at year end** |         |         |
| Current assets | 20,467     | 19,850    |
| Total assets   | 88,502     | 89,612    |
| Current liabilities | 17,292    | 17,429    |
| Total liabilities | 66,044    | 66,333    |

| **Total equity of the parent entity comprising of:** |         |         |
| Retained earnings | 2,941     | 3,340    |
| Building reserve  | 19,517    | 19,939   |
| **Total equity** | 22,458    | 23,279   |

As at, and throughout, the financial year ending 31 December 2014 the parent entity of the Group was the Burnet Institute.
# BURNET INSTITUTE INTERNATIONAL DEVELOPMENT ACTIVITIES OPERATING STATEMENT (FOR THE YEAR ENDED 31 DECEMBER)

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations and gifts – monetary</td>
<td>203</td>
<td>49</td>
</tr>
<tr>
<td>Donations and gifts – non-monetary</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Bequests and legacies</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Grants:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• DFAT</td>
<td>7,282</td>
<td>6,747</td>
</tr>
<tr>
<td>• Other Australian</td>
<td>645</td>
<td>563</td>
</tr>
<tr>
<td>• Other Overseas</td>
<td>3,806</td>
<td>2,142</td>
</tr>
<tr>
<td>Investment Income</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other Income</td>
<td>1,554</td>
<td>1,320</td>
</tr>
<tr>
<td>Revenue for international political or religious proselytisation programs</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total revenue</td>
<td>13,490</td>
<td>10,821</td>
</tr>
</tbody>
</table>

## Expenditure

### International aid and development programs expenditure

**International programs:**

- Funds to international programs | 12,441 | 9,510 |
- Program support costs | 1,007 | 708 |
- Community education | – | – |

**Fundraising costs:**

- Public | – | – |
- Government, multilaterals and private | – | – |
- Accountability and administration | 358 | 297 |
- Non-monetary expenditure | – | – |

**Total international aid and development programs expenditure** | 13,806 | 10,515 |

### Expenditure for international political or religious proselytisation programs

- – | – |

### Domestic programs expenditure

- 197 | 403 |

**Total expenditure** | 14,003 | 10,918 |

**Excess/(Shortfall) of revenue over expenditure** | (513) | (97) |

## Notes:

No single appeal or form of fundraising for a designated purpose generated 10% or greater of the Burnet Institute's total income.

This operating statement represents IFRS financial information and is extracted specifically for the operations of the Centre for International Health as required by the ACFID Code of Conduct.

The deficit represents the Burnet Institute's additional financial contribution to the program.

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The Macfarlane Burnet Institute for Medical Research and Public Health Limited is a signatory to the Australian Council for International Development Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management. More information about the ACFID Code of Conduct can be obtained from ACFID.

www.acfid.asn.au
Tel: (02) 6285 1816
Fax: (02) 6285 1720
INDEPENDENT AUDITOR’S REPORT

Independent auditor’s report to the members of the Macfarlane Burnet Institute for Medical Research and Public Health Ltd

Report on the financial report

We have audited the accompanying financial report of the Macfarlane Burnet Institute for Medical Research and Public Health Ltd (the company), which comprises the consolidated statement of financial position as at 31 December 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the Burnet Institute International Development Activities Operating Statement for the year ended on that date, notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration of the Group comprising the company and the entities it controlled at the year’s end or from time to time during the financial year.

Directors’ responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group’s financial position and of its performance.
DIRECTORS’ DECLARATION
(FOR THE YEAR ENDED 31 DECEMBER)

1. In the opinion of the Directors of the Burnet Institute:
(a) the Financial Statements and Notes, set out on pages 38 to 62, are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the financial position of the Group at 31 December 2014 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 14th day of April 2015.
Signed in accordance with a resolution of the Directors.

Robert Milne
Director

Ross Cooke
Director
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Cover: A stylised image of HIV.

Burnet Institute gratefully acknowledges funds received from the Victorian Government principally under its Operational Infrastructure Support Program, and from the Federal Government principally through the Department of Foreign Affairs and Trade, and NHMRC.

A full copy of this Financial Report is available on our website, or if you would prefer a printed copy, please call +61 3 9282 2111. This Financial Report has been prepared in accordance with the requirements set out in the Corporations Act 2001 and the ACFID Code of Conduct. For further information on the Code please refer to the ACFID Code of Conduct available at www.acfid.asn.au.

For more information about our work visit burnet.edu.au or ring +61 3 9282 2111.