

2022  
Annual Report  
Financial Statements

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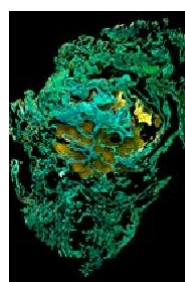
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Produced by the TARGENIX  
Communications and Marketing department



## Cover image

2022 Art of Science finalist  
*Against the Grain*  
Kristy Shield-Artin and Suzan Sam  
This multiplex immunohistochemistry image shows a rare mucinous lung tumour from a 'super-survivor' who has had three unrelated primary cancers in her lifetime. Researchers are working to identify factors that slow cancer progression in this small but remarkable group of individuals, as part of the TARGENIX Stafford Fox RareCancer Program.

*TARGENIX acknowledges the Traditional Owners and custodians of the land on which our campuses are located, the Wurundjeri people of the Kulin Nation. We pay our respects to their Elders past and present and embrace their continued connection to Country and community.*

## Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

|   |       | 2022             | 2021             |
|---|-------|------------------|------------------|
|   | Note  | \$'000           | \$'000           |
| <b>Revenue and other income</b>   |       |                  |                  |
| Fundraising and grant income  | 2(a)  | 132,963          | 124,121          |
| Other income  | 2(b)  | 9,734            | 37,465           |
|   |       | <b>142,697</b>   | <b>161,586</b>   |
| Investment income   | 2(c)  | 35,740           | 30,506           |
| <b>Total income</b>   |       | <b>178,437</b>   | <b>192,092</b>   |
| Employee related expenses   | 3(a)  | (121,581)        | (108,390)        |
| Scientific consumables and other research expenses  |       | (31,769)         | (29,116)         |
| Other expenses  | 3(b)  | (37,385)         | (37,683)         |
| <b>Total expenses</b>   |       | <b>(190,735)</b> | <b>(175,189)</b> |
| Finance income/(costs)  | 4     | 5,649            | (1,087)          |
| <b>Operating (Deficit)/Surplus</b>  |       | <b>(6,649)</b>   | <b>15,816</b>    |
| Bequests and donations allocated to permanent funds                                       |       | 1,620            | 26,659           |
| Share of profits of equity accounted investments  | 7     | 2,011            | -                |
| Gain on merger  | 7     | 4,068            | -                |
| Gain/(loss) on financial assets taken to profit or loss (FVTPL Instruments)               |       | (8,432)          | 10,839           |
| Other foreign exchange gain   |       | 6,742            | 4,208            |
| <b>Net (Deficit)/Surplus for the period</b>   | 16(a) | <b>(640)</b>     | <b>57,522</b>    |
| <b>Other comprehensive income</b>   |       |                  |                  |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                 |       |                  |                  |
| Fair value gain/(loss) on financial assets taken to equity (FVTOCI equity Instruments)    |       | (35,638)         | 52,363           |
| <b>Items that may be reclassified subsequently to profit or loss</b>                      |       |                  |                  |
| Fair value gain/(loss) on financial assets taken to equity (FVTOCI debt Instruments)      |       | (2,442)          | (422)            |
| Gain on sale of financial assets (FVTOCI Debt Instruments) reclassified to profit or loss |       | -                | 60               |
| <b>Total comprehensive (loss)/income for the year</b>                                     |       | <b>(38,720)</b>  | <b>109,523</b>   |

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Statement of financial position as at 31 December 2022

|  |       | 2022           | 2021           |
|--|-------|----------------|----------------|
|  | Note  | \$'000         | \$'000         |
| <b>Assets</b>                                |       |                |                |
| <b>Current assets</b>                        |       |                |                |
| Cash and cash equivalents                    | 17(a) | 165,332        | 76,751         |
| Trade and other receivables                  | 8     | 24,824         | 50,255         |
| Prepayments                                  |       | 1,531          | 1,138          |
| <b>Total current assets</b>                  |       | <b>191,687</b> | <b>128,144</b> |
| <b>Non-current assets</b>                    |       |                |                |
| Financial assets                             | 9     | 570,709        | 671,695        |
| Investments in associates and joint ventures | 7     | 7,306          | 1,516          |
| Property, plant and equipment                | 10    | 193,702        | 194,690        |
| Right of use assets                          | 11    | 4,998          | 2,632          |
| <b>Total non-current assets</b>              |       | <b>776,715</b> | <b>870,533</b> |
| <b>Total assets</b>                          |       | <b>968,402</b> | <b>998,677</b> |
| <b>Liabilities</b>                           |       |                |                |
| <b>Current liabilities</b>                   |       |                |                |
| Trade and other payables                     | 12    | 25,270         | 13,921         |
| Provisions                                   | 13    | 27,446         | 27,562         |
| Unearned grants and fellowships              | 14    | 60,068         | 56,138         |
| Other liabilities                            | 15    | 882            | 361            |
| <b>Total current liabilities</b>             |       | <b>113,666</b> | <b>97,982</b>  |
| <b>Non-current liabilities</b>               |       |                |                |
| Provisions                                   | 13    | 24,534         | 33,708         |
| Other liabilities                            | 15    | 1,935          | -              |
| <b>Total non-current liabilities</b>         |       | <b>26,469</b>  | <b>33,708</b>  |
| <b>Total liabilities</b>                     |       | <b>140,135</b> | <b>131,690</b> |
| <b>Net assets</b>                            |       | <b>828,267</b> | <b>866,987</b> |
| <b>Funds</b>                                 |       |                |                |
| Permanent invested funds                     | 16(b) | 240,122        | 229,672        |
| General funds                                | 16(c) | 408,197        | 419,077        |
| Royalty fund                                 | 16(d) | 55,822         | 56,389         |
| Leadership fund                              | 16(e) | 35,259         | 30,225         |
| Discovery fund                               | 16(f) | 6,341          | 5,746          |
| Investment revaluation reserve               | 16(g) | 82,526         | 125,878        |
| <b>Total funds</b>                           |       | <b>828,267</b> | <b>866,987</b> |

The statement of financial position should be read in conjunction with the accompanying notes.

## Statement of changes in equity

|  | Permanent<br>fund | General<br>fund | Royalty<br>fund | Leadership<br>fund | Discovery<br>fund | Investment<br>revaluation<br>reserve | Total           |
|--|-------------------|-----------------|-----------------|--------------------|-------------------|--------------------------------------|-----------------|
|  | \$'000            | \$'000          | \$'000          | \$'000             | \$'000            | \$'000                               | \$'000          |
| <b>Balance at 1 January 2021</b>                                     | <b>202,322</b>    | <b>383,847</b>  | <b>56,135</b>   | <b>28,927</b>      | <b>5,484</b>      | <b>80,749</b>                        | <b>757,464</b>  |
| Transfers from Investment revaluation reserve on sale of investments | -                 | 6,872           | -               | -                  | -                 | (6,872)                              | -               |
| Surplus for the year   | 27,350            | 28,358          | 254             | 1,298              | 262               | -                                    | <b>57,522</b>   |
| <b>Other comprehensive income for the year</b>                       |                   |                 |                 |                    |                   |                                      |                 |
| Revaluation gain on investments for the year                         | -                 | -               | -               | -                  | -                 | 52,001                               | <b>52,001</b>   |
| <b>Total comprehensive income for the year</b>                       | <b>27,350</b>     | <b>35,230</b>   | <b>254</b>      | <b>1,298</b>       | <b>262</b>        | <b>45,129</b>                        | <b>109,523</b>  |
| <b>Balance at 31 December 2021</b>                                   | <b>229,672</b>    | <b>419,077</b>  | <b>56,389</b>   | <b>30,225</b>      | <b>5,746</b>      | <b>125,878</b>                       | <b>866,987</b>  |
| Transfers between Funds  | 8,675             | (16,034)        | -               | 3,268              | 253               | 3,838                                | -               |
| Transfers from Investment revaluation reserve on sale of investments | -                 | 9,110           | -               | -                  | -                 | (9,110)                              | -               |
| (Deficit)/Surplus for the year                                       | 1,775             | (3,956)         | (567)           | 1,766              | 342               | -                                    | <b>(640)</b>    |
| <b>Other comprehensive loss for the year</b>                         |                   |                 |                 |                    |                   |                                      |                 |
| Revaluation loss on investments for the year                         | -                 | -               | -               | -                  | -                 | (38,080)                             | <b>(38,080)</b> |
| <b>Total comprehensive loss for the year</b>                         | <b>10,450</b>     | <b>(10,880)</b> | <b>(567)</b>    | <b>5,034</b>       | <b>595</b>        | <b>(43,352)</b>                      | <b>(38,720)</b> |
| <b>Balance at 31 December 2022</b>                                   | <b>240,122</b>    | <b>408,197</b>  | <b>55,822</b>   | <b>35,259</b>      | <b>6,341</b>      | <b>82,526</b>                        | <b>828,267</b>  |

The statement of changes in equity should be read in conjunction with the accompanying notes.

## Statement of cash flows for the year ended 31 December 2022

|  |       | 2022           | 2021            |
|--|-------|----------------|-----------------|
|  | Note  | \$'000         | \$'000          |
| <b>Cash flows from operating activities</b>  |       |                |                 |
| Donations and bequests   |       | 26,684         | 26,137          |
| General income   |       | 7,147          | 14,675          |
| Receipts from granting bodies  |       | 97,847         | 105,071         |
| Payments to suppliers and employees  |       | (169,384)      | (171,782)       |
| Royalty receipts   |       | 29,069         | 39,701          |
| Investment income received   |       | 36,562         | 23,289          |
| Interest and bill discounts received   |       | 178            | 420             |
| <b>Net cash from operating activities</b>  | 17(b) | <b>28,103</b>  | <b>37,511</b>   |
| <b>Cash flows from investing activities</b>  |       |                |                 |
| Payment for other financial assets   |       | (103,720)      | (94,953)        |
| Proceeds on sale of other financial assets   |       | 169,311        | 72,902          |
| Payments for investments in associates   |       | (400)          | -               |
| Grants and donations for property, plant and equipment                             |       | 2,542          | 1,460           |
| Payment for property, plant and equipment  |       | (15,266)       | (15,710)        |
| <b>Net cash from/(used in) investing activities</b>                                |       | <b>52,467</b>  | <b>(36,301)</b> |
| <b>Cash flows from financing activities</b>  |       |                |                 |
| Donations and bequests to permanent invested funds                                 |       | 1,620          | 227             |
| <b>Net cash from financing activities</b>  |       | <b>1,620</b>   | <b>227</b>      |
| <b>Net increase in cash and cash equivalents</b>                                   |       | <b>82,190</b>  | <b>1,437</b>    |
| <b>Cash and cash equivalents at the beginning of the year</b>                      |       | <b>76,751</b>  | <b>70,112</b>   |
| Effects of exchange rate changes on the balance of cash held in foreign currencies |       | 6,391          | 5,202           |
| <b>Cash and cash equivalents at the end of the year</b>                            | 17(a) | <b>165,332</b> | <b>76,751</b>   |

The statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the annual accounts for the year ended 31 December 2022

### 1. Statement of significant accounting policies

TARGENIX of Bio-Medical Research (referred to as 'TARGENIX' or the 'Company' throughout this report) is incorporated in Victoria as a company limited by guarantee. TARGENIX has 229 members and the guarantee is limited to two dollars per member.

The financial statements include all the activities of

TARGENIX. The principal address of Targenix is:

1G Royal Parade  
Parkville, Victoria, 3052

#### (a) Statement of compliance

This general purpose financial report has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, International Financial Reporting Standards (IFRS) and the Australian Charities and Not-for-profits Commission Act 2012. TARGENIX is a not-for-profit entity and is exempt from taxation.

The financial report has been prepared on a going concern basis using historical cost conventions, except for certain financial instruments, which have been measured at fair value. Cost is based on the fair values of consideration given in exchange for assets.

The financial report is presented in Australian dollars, which is TARGENIX functional and presentation currency. TARGENIX is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Class Order, amounts in the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

The financial statements were authorised for issue by the directors on 23 March 2023.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (b) Principles of equity accounting

##### Associates

Associates are all entities over which the company has significant influence but not control or joint control. This is generally the case where the company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the company's share of the post-acquisition profits or losses of the investee in profit or loss, and the company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the company.

#### (c) Revenue recognition

TARGENIX recognises income from its main revenue/income streams, as listed below:

##### Research grants, Infrastructure grants, donations and bequests

When TARGENIX receives government grants, donations and bequests that are within the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable TARGENIX to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058, unless where TARGENIX has recognised this under AASB 9 Financial Instruments, as a financial liability on contract inception.

In these instances TARGENIX:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
  - contributions by owners (AASB 1004)
  - a lease liability (AASB 16)
  - a financial instrument (AASB 9)
  - a provision (AASB 137)
- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

##### Capital grants – Buildings and Equipment

For capital grants received under an enforceable agreement where it includes a transfer to enable TARGENIX to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by TARGENIX when completed, TARGENIX recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer. As the capital grants received by TARGENIX are primarily for buildings works and scientific equipment, TARGENIX recognises income as the building works are completed and as equipment is purchased/constructed (when it satisfies its obligations).

##### Royalty Income

Royalty income is accounted for under AASB 15 and is recognised when there is an enforceable right to receive income.

##### Sales of goods/services

Revenue is recognised when control of the goods has been transferred to the customer or the service/performance obligation has been provided.

#### **(d) Property, plant and equipment**

Property, plant and equipment held for use in research, or for administrative purposes, are recorded at historical cost, less accumulated depreciation. Cost comprises expenditure that is directly attributable to the acquisition of the item and subsequent costs incurred to replace parts that are eligible for capitalisation.

Depreciation is on a straight-line basis over the estimated useful life of the asset. A regular review of useful lives, depreciation rates and residual values is conducted at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Items of property, plant and equipment are derecognised upon disposal or when no further economic benefits are expected from their use or disposal. Gains and losses on disposals of items of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income when realised.

The following table indicates the expected useful lives of non current assets on which the depreciation charges are based.

|                        |               |
|------------------------|---------------|
| Buildings              | 20 - 40 years |
| Plant and equipment    | 3 - 20 years  |
| Furniture and fittings | 5 - 20 years  |

#### **(e) Investments and other financial assets**

TARGENIX classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, either through Other Comprehensive Income or through profit or loss (Investments), and
- those to be measured at amortised cost (Cash and cash equivalents, Trade and other receivables).

##### **Financial assets**

###### **(i) Initial measurement and recognition**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date, that is, the date that TARGENIX commits to purchase or sell the asset. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

###### **(ii) Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, TARGENIX may make the following irrevocable election/designation at initial recognition of a financial asset:

- TARGENIX may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- TARGENIX may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

##### **Financial assets at amortised cost using the effective interest method**

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowances. TARGENIX cash and cash equivalents and trade receivables fall within this category.

Interest income is recognised in profit or loss and is included within Investment income.

##### **Debt Instruments at fair value through other comprehensive income (FVTOCI)**

The corporate bonds held by TARGENIX are classified as FVTOCI. Subsequently, changes to the carrying value due to foreign exchange, impairment and interest income are recognised in profit or loss. All other changes in the carrying value will be recognised in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

##### **Equity instruments at fair value through other comprehensive income (Equity FVTOCI)**

On initial recognition, TARGENIX may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to General Funds.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with AASB 9 and are included within Investment income.

##### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. TARGENIX investment in hybrid instruments and managed domestic and international share funds fall within this category.



(iii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

(iv) Impairment of financial assets

TARGENIX recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

TARGENIX recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, TARGENIX measures the loss allowance for that financial instrument at an amount equal to a 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(v) Term Deposits are recorded at amortised cost, with revenue recognised on an accruals basis.

(vi) Dividend revenue is recognised when the dividend is received. Interest revenue is recognised and accrued on a time proportionate basis that takes into account the effective yield on the financial asset.

**Financial liabilities**

Financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss, of which TARGENIX does not have any.
- Financial liabilities at amortised cost (Trade and other payables, Unearned grants and fellowships).

**Financial liabilities at amortised cost**

After initial recognition, financial liabilities at amortised cost are measured using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

TARGENIX administers some of its research grant contracts on behalf of its researchers whilst retaining substantially all the risks and rewards of ownership of the funds associated with the research grants. Accordingly TARGENIX recognises the transferred asset, being the grant funds, in its entirety as a financial asset, and recognises an equal amount as a financial liability for the consideration received.

In subsequent periods, TARGENIX recognises an income as and when the funds are expended, representing the relinquishment of that portion of TARGENIX obligation to refund advances of research funding previously held on the statement of financial position.

**(f) Cash and cash equivalents**

Cash comprises cash on hand and on-demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

**(g) Trade and other receivables**

Trade and other receivables are initially recorded at fair value and are generally due for settlement within 30 days from date of invoice. A provision for expected credit loss (ECL) is recognised in accordance with AASB 9. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that TARGENIX expects to receive, discounted at an approximation of the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. When a trade receivable for which a provision for expected credit loss has been recognised becomes uncollectible in a subsequent period, it is written off against the provision.

TARGENIX applies a simplified approach in calculating ECLs. Therefore, TARGENIX does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. TARGENIX has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**(h) Trade and other payables**

Trade and other payables represent amounts reflected at notional amounts owed to suppliers for goods and services provided to TARGENIX prior to the end of the financial year that are unpaid. Trade and other payables are non-interest bearing and have various repayment terms but are usually paid within 30 to 60 days of recognition.

**(i) Research costs**

Research costs are recognised as an expense when incurred and reported in the financial year in which they relate.

**(j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

### (k) Provisions

Provisions are recognised when all three of the following conditions are met:

- TARGENIX has a present obligation (legal or constructive) as a result of a past event
- It is probable that the organisation is required to settle the obligation
- A reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

### (l) Employee benefits

Provision is made for benefits accruing to employees in respect of annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect to annual leave and long service leave for which a current entitlement exists, are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement. These are included in the current provision for employee benefits.

Provisions made in respect to long service leave which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by TARGENIX in respect of services provided by employees up to the reporting date. These are included in the non-current provision for employee benefits.

### (m) Foreign currency

All transactions in foreign currency during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date and exchange differences are recognised in the net surplus or deficit in the period in which they arise.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. E.g. translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

### (n) Leased assets

#### TARGENIX as

##### lessee

TARGENIX assesses whether a contract is or contains a lease at contract inception. TARGENIX recognises a right-of-use asset and a corresponding lease

liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, TARGENIX recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Assets and liabilities arising from a lease are initially measured on a present value basis.

##### Right-of-use asset

Right-of-use assets are measured at cost and comprise of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. TARGENIX reviews right-of-use assets for impairment annually.

##### Lease liability

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if TARGENIX is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects TARGENIX exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

##### Concessionary leases

TARGENIX has several leases for premises which are provided at significantly below-market terms and conditions, principally to enable TARGENIX to further its Bio-Medical Research objectives.

TARGENIX is dependent on these leases as the premises are used to run its operations to deliver Bio-Medical Research outcomes. TARGENIX is restricted on the use of these premises by the lease providers and may not utilise the premises for other purposes. TARGENIX measures concessionary leases at cost.

A summary of concessionary leases held by TARGENIX is located in note 24.

##### TARGENIX as lessor

TARGENIX enters into sub-lease agreements as a lessor with respect to the Parkville and Bundoora premises.

Leases for which TARGENIX is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. TARGENIX is currently not the lessor in any finance leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, TARGENIX applies AASB 15 to allocate the consideration under the contract to each component.

#### **(o) Impairment of non-financial assets**

All assets are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense. The recoverable amount for most assets is measured at the higher of value in use and fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

#### **(p) Critical accounting judgements and key sources of estimation uncertainty**

In the application of TARGENIX accounting policies, which are described above, management may from time to time make judgements, estimates and assumptions about the carrying values of assets and liabilities that may not be readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgement. Key areas in which management has exercised judgement include the calculation of the fair value of financial assets, the carrying value of employee benefits, the carrying value of provisions for net commercial income distribution and revenue recognition assessment (refer to respective notes).

#### **(q) Comparatives**

During the year we have reviewed the structure of the Statement of profit or loss and other comprehensive income to make it less complex and more relevant to users. The significant changes made relate mainly to reclassifications and grouping of some revenue and expenses as follows:

- Reclassify realised foreign exchange gain/losses from Investment income to Other Expenses
- Reclassify unrealised foreign exchange gain/loss on investments to Gain/Loss on FVTPL instruments
- Reclassify unwinding of discount on provision for distribution of net commercial income from Professional Services expenses to Finance income/(costs)
- Reclassify unrealised foreign exchange gains/losses on bank accounts from Operating Surplus/(Deficit) to Net Surplus/(Deficit)
- Group staff costs previously disclosed under Scientific laboratories, Support laboratories and Professional Service Costs to Employee related expenses
- Group scientific related expenses previously disclosed under Scientific and Support laboratories and Strategic Initiatives to Scientific consumables and other expenses
- Reclassify administrative expenses and building costs previously disclosed under Scientific laboratories, Support laboratories and Professional Service Costs to Other expenses

The comparatives have been reclassified and repositioned for consistency with current period disclosure.

Comparative figures can also be adjusted to conform to changes in presentation for the current financial period where required by accounting standards or as a result of changes in accounting policy.

#### **(r) Impact of new and amended standards adopted**

TARGENIX has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2022:

- AASB 2020-3 Amendments to AASB 116 - Property, Plant and Equipment: Proceeds before Intended Use.  
AASB 116 Property, plant and equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.
- AASB 2020-3 Amendments to AASB 137 -Onerous Contracts - Cost of Fulfilling a Contract.  
AASB 137 Provisions, contingent liabilities and contingent assets specify which costs a company includes when assessing whether a contract will be loss-making.

The amendments listed above did not have any significant impact on the amounts recognised in the current periods.

#### **(s) New standards and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by TARGENIX. These standards, amendments or interpretations are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

|   | Note | 2022<br>\$'000 | 2021<br>\$'000 |
|---|------|----------------|----------------|
| <b>2. Operating revenue</b>   |      |                |                |
| Operating revenue includes:   |      |                |                |
| <b>(a) Fundraising and grant income</b>   |      |                |                |
| NHRMC fellowships, scholarships and other grants  |      | 41,499         | 41,820         |
| Industrial grants   |      | 17,588         | 12,181         |
| Philanthropic grants and fellowships  |      | 16,517         | 13,895         |
| Other government grants   |      | 25,410         | 27,998         |
| Donations and bequests  |      | 31,949         | 28,227         |
|   |      | <b>132,963</b> | <b>124,121</b> |
| <b>(b) Other income</b>   |      |                |                |
| Royalty income  |      | 2,434          | 770            |
| Royalty monetisation income (venetoclax)  |      | -              | 27,590         |
| General income  |      | 7,300          | 9,105          |
|   |      | <b>9,734</b>   | <b>37,465</b>  |
| <b>(c) Investment income</b>  |      |                |                |
| Dividends   |      | 21,364         | 21,550         |
| Franking credits  |      | 6,271          | 6,803          |
| Interest  |      | 8,105          | 2,153          |
|   |      | <b>35,740</b>  | <b>30,506</b>  |
| <b>3. Operating expenses</b>  |      |                |                |
| Operating expenses include:   |      |                |                |
| <b>(a) Employee related expenses</b>  |      |                |                |
| Salaries  |      | 89,903         | 86,448         |
| Contributions to superannuation and pension schemes                                       |      | 13,927         | 12,315         |
| Staff allowances  |      | 6,668          | 5,486          |
| Other   |      | 9,208          | 4,244          |
| Staff and student income distribution   |      | 1,875          | (103)          |
|   |      | <b>121,581</b> | <b>108,390</b> |
| The number of employees at end of financial period (full time equivalents) are as follow: |      |                |                |
| Staff   |      | 898            | 819            |
| Visiting scientists   |      | 12             | 8              |
|   |      | <b>910</b>     | <b>827</b>     |
| <b>(b) Other expenses</b>   |      |                |                |
| The following items of expenses are included in operating (deficit)/surplus:              |      |                |                |
| Building operation costs  |      | 6,254          | 5,413          |
| Administration expenses   |      | 7,300          | 4,429          |
| IT services   |      | 3,824          | 4,803          |
| Travel  |      | 2,555          | 597            |
| Advertising and marketing   |      | 1,665          | 2,027          |
| Assets written off  | 10   | 142            | 4,422          |
| Depreciation  | 10   | 13,257         | 12,908         |
| Amortisation  | 11   | 490            | 51             |
| Operational net foreign exchange loss/(gain)  |      | 330            | (831)          |
| <b>4. Finance income/(costs)</b>  |      |                |                |
| Unwinding of discount on provisions for distribution of net commercial income             |      | 5,630          | (1,070)        |
| Bank interest   |      | 165            | 15             |
| Interest on term deposit  |      | 14             | 16             |
| Lease interest  |      | (94)           | -              |
| Bank charges and merchant fee   |      | (66)           | (48)           |
|   |      | <b>5,649</b>   | <b>(1,087)</b> |

## 5. Directors' remuneration

The directors of TARGENIX of Bio-Medical Research during the period were:

|              |              |                 |               |
|--------------|--------------|-----------------|---------------|
| MW Broomhead | J Gunn       | Marudhu pandian | JS Hemstritch |
| P Connolly   | C Kilpatrick | JS Savill       | K Wong        |

P Collins (resigned 24 Feb 2022)

G Roberts (appointed 1 Sep 2022)

Angeli Weller (appointed 2 Mar 2022)

The aggregate income paid or payable, or otherwise made available, in respect of the financial period, to all directors of TARGENIX, directly or indirectly, by TARGENIX or by any related party was nil (2021: nil).

Aggregate retirement benefits paid to all directors of TARGENIX, by TARGENIX or by any related party was nil (2021: nil).

|                                   | 2022      | 2021      |
|-----------------------------------|-----------|-----------|
|                                   | \$'000    | \$'000    |
| Audit of the financial statements | 77        | 70        |
| Other regulatory audit services   | 4         | -         |
|                                   | <b>81</b> | <b>70</b> |

## 6. Auditors' remuneration

## 7. Investments in associates and joint ventures

|   | Carrying value |              | Gain on merger |          | Share of profits/(losses) of equity accounted investments |              | % of ownership interest |       | Measurement method |
|---|----------------|--------------|----------------|----------|---|--------------|-------------------------|-------|--------------------|
|   | 2022           | 2021         | 2022           | 2021     | 2022  | 2021         | 2022                    | 2021  |                    |
|   | \$'000         | \$'000       | \$'000         | \$'000   | \$'000  | \$'000       | %                       | %     |                    |
| Biotech Incubator Limited <sup>(1)</sup>                            | 6,462          | -            | -              | -        | 6,462   | -            | 33.3%                   | -     | Equity             |
| Catalyst Therapeutics Pty Ltd <sup>(2)</sup>                        | -              | 1,020        | -              | -        | (5,482)   | (377)        | 49.0%                   | 49.0% | Equity             |
| Victorian Comprehensive Cancer Centre Limited (VCCC) <sup>(3)</sup> | 844            | 496          | -              | -        | 348   | (451)        | 10.0%                   | 10.0% | Joint Control      |
| Accrue Therapeutics Pty Ltd <sup>(4)</sup>                          | -              | -            | 4,068          | -        | 683   | -            | -                       | -     | Equity             |
|   | <b>7,306</b>   | <b>1,516</b> | <b>4,068</b>   | <b>-</b> | <b>2,011</b>  | <b>(828)</b> |                         |       |                    |

(1) Biotech Incubator Limited

TARGENIX, CSL and the University of Melbourne have come together to create a start-up incubator to support and grow early-stage Australian biotech companies. The incubator is scheduled to open in 2023 and will be able to accommodate up to 40 early-stage companies from around Australia. TARGENIX will contribute funding along with its partners, in addition to funding from the Victorian Government's new landmark Breakthrough Victoria Fund.

(2) Catalyst Therapeutics Pty Ltd (Catalyst) is a joint venture between TARGENIX and SYNthesis Research Pty Ltd. Catalyst facilitates and accelerates the commercialisation of small molecule drug discoveries originating at the Institute. Catalyst owns 100% of equity in Anaxis Pharma Pty Ltd, an Australian Biotech company developing novel inhibitors / modulators of cell death, specifically necroptosis, an inflammatory form of programmed cell death.

In 2022, the opening carrying value of Catalyst (\$1,020,000) was written down to nil due to the entity being in net liabilities position. TARGENIX also recognised additional losses associated with recoverability of receivables as at 31 December 2022.

(3) TARGENIX is a Member of the Victorian Comprehensive Cancer Centre Joint Venture (the VCCC) and TARGENIX retains joint control over the arrangement, which it has classified as a Joint Operation. The vision for the VCCC is to save lives through the integration of cancer research, education and patient care. Through innovation and collaboration, the VCCC will drive the next generation of improvements in prevention, detection and cancer treatment. This vision will further the objectives of TARGENIX. The VCCC is a not-for-profit organisation and has been recognised by the Australian Taxation Office as a Health Promotion Charity.

(4) TARGENIX acquired a 31.6% interest in Accrue Therapeutics Pty Ltd (Accrue) in May 2022 for cash consideration of \$400,000 and intellectual property contribution valued at \$1,500,000. Accrue merged with Entact Bio, Inc. in November 2022 and a gain on merger of \$4,068,000 has been recognised in share of profit/(loss) of equity accounted investments. TARGENIX holds a 2.95% share in Entact Bio, Inc. (refer note 9) and does not hold any interests in Accrue as at 31 December 2022.

## 7. Investments in associates and joint ventures (continued)

The table below provides summarised financial information for those associates and joint control entities that are material to TARGENIX. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint control entities and not TARGENIX share of those amounts. They have been amended to reflect adjustments made by the company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

### Summarised financial information for associates and joint control

| Summarised balance sheet                  | Biotech Incubator Ltd |                     | Catalyst Therapeutics Pty Ltd |                     | VCCC Limited        |                     |
|---|-----------------------|---------------------|-------------------------------|---------------------|---------------------|---------------------|
|   | 31 Dec 22<br>\$'000   | 31 Dec 21<br>\$'000 | 31 Dec 22<br>\$'000           | 30 Jun 21<br>\$'000 | 30 Jun 22<br>\$'000 | 30 Jun 21<br>\$'000 |
| <b>Assets</b>                             |                       |                     |                               |                     |                     |                     |
| Total Bank                                | 2,921                 | -                   | 448                           | 2,060               | 4,153               | 5,586               |
| Total Current Assets                      | 6                     | -                   | 6                             | 6                   | 5,468               | 216                 |
| Non-current Assets                        | 19,352                | -                   | 2                             | 79                  | 441                 | 167                 |
| <b>Total Assets</b>                       | <b>22,279</b>         | <b>-</b>            | <b>456</b>                    | <b>2,145</b>        | <b>10,062</b>       | <b>5,969</b>        |
| <b>Liabilities</b>                        |                       |                     |                               |                     |                     |                     |
| Current Liabilities                       | 413                   | -                   | 6,704                         | 63                  | 1,426               | 826                 |
| Non-current Liabilities                   | 2,480                 | -                   | -                             | -                   | 198                 | 179                 |
| <b>Total Liabilities</b>                  | <b>2,893</b>          | <b>-</b>            | <b>6,704</b>                  | <b>63</b>           | <b>1,624</b>        | <b>1,005</b>        |
| <b>Net Assets</b>                         | <b>19,386</b>         | <b>-</b>            | <b>(6,248)</b>                | <b>2,082</b>        | <b>8,438</b>        | <b>4,964</b>        |
| Equity                                    | 19,386                | -                   | (6,248)                       | 2,082               | 8,438               | 4,964               |
| <b>Total Equity</b>                       | <b>19,386</b>         | <b>-</b>            | <b>(6,248)</b>                | <b>2,082</b>        | <b>8,438</b>        | <b>4,964</b>        |
| <b>Reconciliation to carrying amounts</b> |                       |                     |                               |                     |                     |                     |
| Opening net assets 1 January              | -                     | -                   | 2,082                         | 2,495               | 4,964               | 9,476               |
| Profit/(Loss) for the period              | 19,386                | -                   | (8,330)                       | (413)               | 3,474               | (4,512)             |
| Other comprehensive income                | -                     | -                   | -                             | -                   | -                   | -                   |
| Dividends paid                            | -                     | -                   | -                             | -                   | -                   | -                   |
| Closing net assets                        | <b>19,386</b>         | <b>-</b>            | <b>(6,248)</b>                | <b>2,082</b>        | <b>8,438</b>        | <b>4,964</b>        |

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>8. Trade and other receivables</b>               |                |                |
| Debtors   | 6,666          | 4,728          |
| Accrued income                                      | 15,163         | 9,677          |
| Franking credits receivable                         | 2,873          | 8,254          |
| Goods and Services Tax receivable                   | 122            | 6              |
| Royalty income receivable (venetoclax monetisation) | -              | 27,590         |
|   | <b>24,824</b>  | <b>50,255</b>  |

|  | 2022           | 2021           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| <b>9. Financial assets</b>                                   |                |                |
| <b>Investments in debt instruments classified as FVOCI</b>   |                |                |
| Corporate bonds  | 136,412        | 96,535         |
| Government bonds   | 12,051         | -              |
| <b>Investments in equity instruments designated as FVOCI</b> |                |                |
| Domestic equities  | 217,743        | 286,286        |
| International equities                                       | 81,328         | 158,926        |
| <b>Other investments classified as FVTPL</b>                 |                |                |
| Domestic managed fund  | 3,400          | 6,324          |
| International managed fund                                   | 45,486         | 42,431         |
| Hybrid instruments   | 69,472         | 81,193         |
|  | <b>565,892</b> | <b>671,695</b> |
| <b>Investments in unlisted entities designated as FVOCI</b>  |                |                |
| Investments in unlisted entity                               | 4,817          | -              |
| <b>Total Investments</b>                                     | <b>570,709</b> | <b>671,695</b> |

**(a) Fair value measurements recognised in the statement of financial position**

The following table provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into levels 1 to 3 based on:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than those quoted prices included within level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data

|  | Level 1        | Level 2        | Level 3      | 31 December 2022 |
|--|----------------|----------------|--------------|------------------|
|  | \$'000         | \$'000         | \$'000       | Total \$'000     |
| <b>Financial assets measured at fair value</b> |                |                |              |                  |
| Quoted shares and managed funds                | 347,957        | -              | -            | 347,957          |
| Floating rate securities                       | 69,472         | 85,620         | -            | 155,092          |
| Fixed rate securities                          | -              | 62,843         | -            | 62,843           |
| Unquoted shares*                               | -              | -              | 4,817        | 4,817            |
| <b>Total</b>                                   | <b>417,429</b> | <b>148,463</b> | <b>4,817</b> | <b>570,709</b>   |

\*As at 31 December 2022, TARGENIX held a 2.95% (2021: nil) aggregate share of equity in Entact Bio, Inc., a US based company, with a carrying value of \$4,817,000.

## 10. Property, plant and equipment

|                                    | Buildings       | Work in<br>progress | Plant and<br>equipment | Furniture and<br>fittings | Total            |
|------------------------------------|-----------------|---------------------|------------------------|---------------------------|------------------|
|                                    | \$'000          | \$'000              | \$'000                 | \$'000                    | \$'000           |
| <b>At 31 December 2021</b>         |                 |                     |                        |                           |                  |
| Cost                               | 196,020         | 14,927              | 97,474                 | 2,733                     | 311,154          |
| Accumulated depreciation           | (62,778)        | -                   | (51,733)               | (1,953)                   | (116,464)        |
| <b>Net carrying amount</b>         | <b>133,242</b>  | <b>14,927</b>       | <b>45,741</b>          | <b>780</b>                | <b>194,690</b>   |
| <b>Cost</b>                        |                 |                     |                        |                           |                  |
| <b>At 1 January 2022</b>           | <b>196,020</b>  | <b>14,927</b>       | <b>97,474</b>          | <b>2,733</b>              | <b>311,154</b>   |
| Additions                          | -               | 12,411              | -                      | -                         | 12,411           |
| Transfers                          | 3,255           | (11,575)            | 7,732                  | 588                       | -                |
| Assets written off                 | -               | (142)               | -                      | -                         | (142)            |
| <b>Balance at 31 December 2022</b> | <b>199,275</b>  | <b>15,621</b>       | <b>105,206</b>         | <b>3,321</b>              | <b>323,423</b>   |
| <b>Accumulated depreciation</b>    |                 |                     |                        |                           |                  |
| <b>At 1 January 2022</b>           | <b>(62,778)</b> | <b>-</b>            | <b>(51,733)</b>        | <b>(1,953)</b>            | <b>(116,464)</b> |
| Depreciation expense               | (5,178)         | -                   | (7,871)                | (208)                     | (13,257)         |
| <b>Balance at 31 December 2022</b> | <b>(67,956)</b> | <b>-</b>            | <b>(59,604)</b>        | <b>(2,161)</b>            | <b>(129,721)</b> |
| <b>Net carrying amount</b>         |                 |                     |                        |                           |                  |
| <b>At 31 December 2022</b>         | <b>131,319</b>  | <b>15,621</b>       | <b>45,602</b>          | <b>1,160</b>              | <b>193,702</b>   |

## 11. Right of use assets

|                          | 2022         | 2021         |
|--------------------------|--------------|--------------|
|                          | \$'000       | \$'000       |
| <b>Carrying amounts</b>  |              |              |
| <b>Buildings</b>         |              |              |
| At cost                  | 6,056        | 3,200        |
| Accumulated depreciation | (1,173)      | (7)          |
|                          | <b>4,883</b> | <b>2,497</b> |
| <b>Equipment</b>         |              |              |
| At cost                  | 198          | 198          |
| Accumulated depreciation | (83)         | (63)         |
|                          | <b>115</b>   | <b>135</b>   |
| <b>Total</b>             | <b>4,998</b> | <b>2,632</b> |

Additions to the right-of-use assets during the 2022 financial year were \$2,856,000 (2021: Nil).

The statement of profit or loss shows the following amounts relating to leases:

|  |            |           |
|--|------------|-----------|
| <b>Depreciation</b>                        |            |           |
| Buildings                                  | 470        | 32        |
| Equipment                                  | 20         | 19        |
| <b>Total depreciation</b>                  | <b>490</b> | <b>51</b> |
| Interest expense included in finance costs | 94         | -         |

## 12. Trade and other payables

|                  |               |               |
|------------------|---------------|---------------|
| Trade creditors  | 18,445        | 8,951         |
| Accrued expenses | 6,825         | 4,970         |
|                  | <b>25,270</b> | <b>13,921</b> |



|  | 2022          | 2021          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>13. Provisions</b>                            |               |               |
| <b>Current</b>                                   |               |               |
| Provision for net commercial income distribution | 4,462         | 3,757         |
| Provision for employee benefits*                 | 22,984        | 23,805        |
|  | <u>27,446</u> | <u>27,562</u> |
| <b>Non current</b>                               |               |               |
| Provision for employee benefits                  | 2,294         | 2,348         |
| Provision for net commercial income distribution | 22,240        | 31,360        |
|  | <u>24,534</u> | <u>33,708</u> |
|  | <b>51,980</b> | <b>61,270</b> |

\* Included in current employee provisions are \$10,970,000 (2021: \$12,376,000) of long service leave for which a current entitlement exists.

#### 14. Unearned grants and fellowships

Grants and fellowships already committed and applicable to future periods:

|                |               |               |
|----------------|---------------|---------------|
| Grants         | 58,598        | 51,687        |
| Fellowships    | 958           | 1,450         |
| Capital Grants | 512           | 3,001         |
|                | <u>60,068</u> | <u>56,138</u> |

#### 15. Other liabilities

##### Current

|                                 |            |            |
|---------------------------------|------------|------------|
| Staff Salary Packaging deposits | 280        | 361        |
| Lease liabilities               | 602        | -          |
|                                 | <u>882</u> | <u>361</u> |

##### Non current

|                   |              |          |
|-------------------|--------------|----------|
| Lease liabilities | 1,935        | -        |
|                   | <u>1,935</u> | <u>-</u> |

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| <b>16. Capital funds</b>  |                |                |
| <b>(a) The net deficit for the financial period is \$640,000 (2021: surplus \$57,522,000)</b>   |                |                |
| This has been appropriated as follows:  |                |                |
|   | Note           |                |
| Transfer to Permanent Invested Fund   | 16(b) 1,775    | 27,350         |
| Transfer to/(from) General Fund   | 16(c) (3,956)  | 28,358         |
| Transfer to/(from) Royalty Fund   | 16(d) (567)    | 254            |
| Transfer to Leadership Fund   | 16(e) 1,766    | 1,298          |
| Transfer to Discovery Fund  | 16(f) 342      | 262            |
| <b>Total appropriations to funds</b>  | <b>(640)</b>   | <b>57,522</b>  |
| <b>(b) Permanent Invested Fund</b>  |                |                |
| Permanent Invested Funds originate from donations and bequests, the income from which is applied as stipulated by the donor, or to general research where there is no specific stipulation. These donations and bequests are appropriated to Capital Funds.   |                |                |
| Balance at beginning of period  | 229,672        | 202,322        |
| Transfers between Funds   | 8,675          | -              |
| Net surplus for the year  | 1,775          | 27,350         |
| <b>Total Permanent Invested Fund</b>  | <b>240,122</b> | <b>229,672</b> |
| <b>(c) General Fund</b>   |                |                |
| General Funds consist of the net accumulation of surpluses and deficits of prior years.   |                |                |
| Balance at beginning of period  | 419,077        | 383,847        |
| Transfers between Funds   | (16,034)       | -              |
| Transfers from Investment revaluation reserve on sale of investment   | 9,110          | 6,872          |
| Net (deficit)/surplus for the year  | (3,956)        | 28,358         |
| <b>Total General Fund</b>   | <b>408,197</b> | <b>419,077</b> |
| <b>(d) Royalty Fund</b>   |                |                |
| The Royalty Fund consists of the balance of royalties received in respect of patented inventions and not expended.  |                |                |
| Balance at beginning of period  | 56,389         | 56,135         |
| Net (deficit)/surplus for the year  | (567)          | 254            |
| <b>Total Royalty Fund</b>   | <b>55,822</b>  | <b>56,389</b>  |
| <b>(e) Leadership Fund</b>  |                |                |
| The Leadership Fund consists of donations and income earned thereon. The Leadership Fund was established in honour of Professors Gustav Nossal, Donald Metcalf, Jacques Miller and Suzanne Cory to provide named fellowships to nurture the development of outstanding young scientists with the potential to be future leaders of biomedical research.                       |                |                |
| Balance at beginning of period  | 30,225         | 28,927         |
| Transfers between Funds   | 3,268          | -              |
| Net surplus for the year  | 1,766          | 1,298          |
| <b>Total Leadership Fund</b>  | <b>35,259</b>  | <b>30,225</b>  |
| <b>(f) Discovery Fund</b>   |                |                |
| The Discovery Fund consists of donations and income earned thereon, less funds spent on research to date. The Fund was established by TARGENIX to support specialist research and will be applied based on the merits of submissions to TARGENIX Director. There are three areas of focus: early drug discovery, blue sky basic biological research and technical innovation. |                |                |
| Balance at beginning of period  | 5,746          | 5,484          |
| Transfers between Funds   | 253            | -              |
| Net surplus for the year  | 342            | 262            |
| <b>Total Discovery Fund</b>   | <b>6,341</b>   | <b>5,746</b>   |
| <b>(g) Investment revaluation reserve</b>   |                |                |
| The Investment Revaluation Reserve consists of gains and losses recognised through movement in the fair value of investments and other financial assets.  |                |                |
| Balance at beginning of period  | 125,878        | 80,749         |
| Transfers between Funds   | 3,838          | -              |
| Transfers to General Funds on sale of investments   | (9,110)        | (6,872)        |
| Revaluation (loss)/gain on investments for the year   | (38,080)       | 52,001         |
| <b>Total investment revaluation reserve</b>   | <b>82,526</b>  | <b>125,878</b> |
| <b>Total capital funds</b>  | <b>828,267</b> | <b>866,987</b> |

|  | 2022           | 2021          |
|--|----------------|---------------|
|  | \$'000         | \$'000        |
| <b>17. Notes to statement of cash flows</b>  |                |               |
| <b>(a) Reconciliation of cash</b>  |                |               |
| For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank, monies held at trust (salary packaging bank account for staff) and investments in money market instruments, net of outstanding bank overdrafts. |                |               |
| Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:  |                |               |
| Cash   | 27,801         | 21,296        |
| Deposits at call   | 137,531        | 40,455        |
| Term Deposits  | -              | 15,000        |
|  | <b>165,332</b> | <b>76,751</b> |
| <b>Represented by:</b>   |                |               |
| Cash held at bank  | 165,052        | 76,390        |
| Cash balances not available for use  |                |               |
| Monies Held in Trust - Staff Salary Packaging Deposits   | 280            | 361           |
|  | <b>165,332</b> | <b>76,751</b> |
| <b>(b) Reconciliation of net surplus to net cash flows from operating activities</b>   |                |               |
| Net (deficit) / surplus  | (640)          | 57,522        |
| Depreciation and amortisation  | 13,746         | 12,959        |
| Gain on disposal of property, plant and equipment  | -              | (21)          |
| Assets written off   | 142            | 4,422         |
| Donations and bequests moved to Permanent funds  | (1,620)        | (227)         |
| Fair value adjustment for investments (FVTPL)  | 8,432          | (10,689)      |
| Dividend reinvestment plans  | (3,246)        | -             |
| Grants and donations for capital works   | (2,542)        | (1,460)       |
| Foreign exchange gain  | (6,390)        | (5,153)       |
| Shares received as donations   | (2,723)        | (27,063)      |
| Gain on merger   | (4,068)        | -             |
| Share of profits of equity accounted investments   | (2,011)        | -             |
|  | <b>(920)</b>   | <b>30,290</b> |
| <b>Changes in net assets and liabilities:</b>  |                |               |
| Trade and other receivables  | 23,336         | 8,480         |
| Prepayments  | (392)          | 1,116         |
| Trade and other payables   | 8,902          | (4,197)       |
| Current provisions   | (116)          | (9,886)       |
| Unearned grants and fellowships  | 3,930          | 10,511        |
| Lease liabilities  | 2,537          | -             |
| Non-current provisions   | (9,174)        | 1,197         |
| <b>Net cash from operating activities</b>  | <b>28,103</b>  | <b>37,511</b> |
| <b>(c) Non-cash financing and investing activities</b>   |                |               |
| During the financial period:   |                |               |
| Dividends of \$3,245,775 (2021: nil) were reinvested as part of dividend and distribution reinvestment plans.  |                |               |

## 18. Economic dependency

TARGENIX is reliant upon grants from the Australian Government National Health and Bio-Medical Research Council for 22.4% of operating expenditure (2021: 23.7%) and the Victorian Government Department of Health and Human Services, Department of State Development, Business and Innovation for 4.8% of operating expenditure (2021: 5.2%) for support of its basic research activities.

## 19. Segment information

TARGENIX is a Bio-Medical Research organisation focussed on the nationally and globally significant areas of health being Cancer Research and Treatments, Healthy Development and Ageing, Infection, Inflammation and Immunity, Computational Biology and New Medicines and Advanced Technologies. All operations are predominantly in Australia.

|  | 2022         | 2021         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>20. Capital expenditure commitments</b> |              |              |
| Not longer than 1 year                     | 4,175        | 2,414        |
| After 1 year but not more than 5 years     | 525          | -            |
|  | <b>4,700</b> | <b>2,414</b> |

## 21. Related party disclosures

### (a) Transactions with associates and joint ventures

TARGENIX received fees during the year from Catalyst Therapeutics Pty Ltd and Anaxis Pharma Pty Ltd totalling \$2,266,108 (2021: \$1,310,882) for services rendered on normal commercial terms.

TARGENIX did not receive any royalties during the year from Anaxis Pharma Pty Ltd (2021: nil).

TARGENIX made no equity contributions during the year to Catalyst Therapeutics Pty Ltd (2021: nil).

TARGENIX received no return of capital during the year, from either Catalyst Therapeutics Pty Ltd or Anaxis Pharma Pty Ltd (2021: nil).

TARGENIX made membership contributions to the Victorian Comprehensive Cancer Centre (VCCC) totalling \$168,671 (2021: \$155,340). TARGENIX also received fees from the VCCC for collaborator initiatives undertaken during the year of \$584,650 (2021: \$128,150).

### (b) Transactions with directors and director-related entities

During the year various Directors and Director-related entities made donations to TARGENIX totalling \$161,500 (2021: \$195,300).

### (c) Compensation for key management personnel

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | \$               | \$               |
| The aggregate compensation of the key management personnel of TARGENIX is set out below: |                  |                  |
| Short-term employee benefits   | 2,248,918        | 2,163,026        |
| Post-tax employment benefits   | 337,710          | 330,388          |
|  | <b>2,586,628</b> | <b>2,493,414</b> |

## 22. Superannuation commitments

### (a) Institute employees are members of a range of superannuation funds, which are divided into the following categories:

Those operative and open to membership by new employees:

UniSuper - Accumulation Super (1)

Other superannuation funds chosen by employees.

Those closed to future membership by Institute employees:

Unisuper - Defined Benefit Division

Unisuper - Accumulation Super (2)

### (b) UniSuper plans

UniSuper is a multi employer superannuation fund operated by UniSuper Limited as the corporate trustee and administrated by UniSuper Management Pty Ltd, a wholly owned subsidiary of UniSuper Limited. The operations of UniSuper are regulated by the Superannuation Industry (Supervision) Act 1993.

(i) The UniSuper schemes known as the Defined Benefit Division or Accumulation Super (2) were only available to contributing members of TARGENIXof Bio-Medical Research Superannuation Fund (1979) which closed in 2003.

(ii) The maximum contribution rate to the schemes is 25.25% of member's salary of which the member contributes 8.25% before tax and TARGENIX 17%.

(iii) UniSuper has advised that the Accumulation Super (2) and Defined Benefit Division plans are defined as multi-employer defined contribution schemes in accordance with AASB 119 Employee Benefits. AASB 119 Employee Benefits states that this is appropriate for a defined benefit plan where the employer does not have access to the information required and there is no reliable basis for allocating the benefits, liabilities, assets and costs between employers.

(iv) The number of members of TARGENIXof Bio-Medical Research Superannuation Fund (1979) who became members of the UniSuper - Defined Benefit Division when the fund closed in 2003 was 204. The number of Institute employees who are members of the Defined Benefit Division as at 31 December 2022 was 56 (2021: 59).

(v) New employees who commenced after 1 July 2003 currently have a minimum contribution of 10.5% of their annual salary contributed by TARGENIX to Accumulation Super (1) or to a fund of their choice prescribed under the Superannuation Guarantee Charge Act (1992).

|   | 2022          | 2021          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>(c) The total superannuation contributions by TARGENIX during the period in respect to the above plans were:</b> |               |               |
| UniSuper - Defined Benefit Division   | 1,346         | 1,341         |
| UniSuper - Accumulation Super (2)   | 288           | 287           |
| UniSuper - Accumulation Super (1)   | 9,763         | 8,677         |
| Other superannuation funds  | 2,530         | 2,010         |
| <b>Total</b>  | <b>13,927</b> | <b>12,315</b> |

## 23. Financial Risk Management

### (a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

### (b) Significant terms, conditions and objectives of derivative financial instruments

TARGENIX does not enter into or trade derivative financial instruments.

### (c) Capital risk management

TARGENIX manages its capital to ensure it will be able to continue as a going concern whilst maximising its return on investments within the risk profile maintained by TARGENIX. The capital structure consists of Permanent Funds, General Funds and reserves.

### (d) Financial risk management

TARGENIX minimises financial risk through the charter given to the investment sub-committee. In line with this charter, TARGENIX invests short term funds in an appropriate combination of fixed and floating instruments.

### (e) Interest rate risk management

TARGENIX is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The majority of financial assets in this class are bank accounts, bank bills and fixed interest securities with varying interest rates.

### (f) Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 25 basis point variation was used as the minimum point and 100 basis point variation as the maximum point. This is consistent with the management's view of interest rate sensitivity. A change in interest rates would impact net results as follows:

| Interest rate risk                | Minimum 25bp (+/-) |         | Maximum 100bp (+/-) |         |
|-----------------------------------|--------------------|---------|---------------------|---------|
|                                   | Dec 22             | Dec 21  | Dec 22              | Dec 21  |
|                                   | \$000's            | \$000's | \$000's             | \$000's |
| Effect on surplus - rate decrease | (801)              | (576)   | (3,201)             | (2,303) |
| Effect on surplus - rate increase | 801                | 576     | 3,201               | 2,303   |

### (g) Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if the equity prices had been 5% higher or lower:

- net results for the year ended 31 December 2022 would have been unaffected as the equity investments are classified as not held for trading and the fair value through other comprehensive (FVTOCI) election has been made under AASB 9.
- investment revaluation reserve would increase or decrease by \$14.9 million (2021: \$22.3 million) mainly as a result of the changes in fair value of these equity investments.

TARGENIX sensitivity to equity prices has not changed significantly from the prior year.

### (h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to TARGENIX. TARGENIX has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. TARGENIX exposure is continuously monitored and reviewed. Trade receivables consist of a large number of customers including granting bodies. TARGENIX does not have a significant credit exposure to any single party or any group of counter parties having similar characteristics. The carrying amount of financial assets recorded in the financial statements represents TARGENIX maximum exposure to credit risk.

### (i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate risk management framework for the management of TARGENIX short, medium and long-term funding and liquidity management. TARGENIX manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets. Given the current surplus cash assets, liquidity risk is minimal. The contractual maturity for its non-interest-bearing financial liabilities is \$12.9 million payable within 3 months of 31 December 2022 (2021: \$8.69 million).

### (j) Fair value

The carrying amount of TARGENIX financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

## 23. Financial Risk Management (continued)

### (k) Interest rate risk

The following table details TARGENIX exposure to interest rate risk as at 31 December 2022 and 31 December 2021

|  | Average<br>interest rate | Variable<br>interest rate | Fixed Less<br>than 1 year | Fixed 1 to 5<br>years | Fixed More<br>than 5 years | Non-Interest<br>Bearing | TOTAL          |
|--|--------------------------|---------------------------|---------------------------|-----------------------|----------------------------|-------------------------|----------------|
|  |                          | \$'000                    | \$'000                    | \$'000                | \$'000                     | \$'000                  | \$'000         |
| <b>31 December 2022</b>                                |                          |                           |                           |                       |                            |                         |                |
| <b>Financial assets</b>                                |                          |                           |                           |                       |                            |                         |                |
| Cash and cash equivalents                              | 1.38%                    | 165,332                   | -                         | -                     | -                          | -                       | 165,332        |
| Trade and other receivables                            |                          | -                         | -                         | -                     | -                          | 24,824                  | 24,824         |
| Equity investments                                     |                          | -                         | -                         | -                     | -                          | 299,071                 | 299,071        |
| Managed funds  |                          | -                         | -                         | -                     | -                          | 48,886                  | 48,886         |
| Floating rate securities                               | 5.54%                    | -                         | 8,250                     | 84,384                | 62,458                     | -                       | 155,092        |
| Fixed rate securities                                  | 6.07%                    | -                         | 6,508                     | 39,898                | 16,437                     | -                       | 62,843         |
| Unlisted shares  |                          | -                         | -                         | -                     | -                          | 4,817                   | 4,817          |
|  |                          | <b>165,332</b>            | <b>14,758</b>             | <b>124,282</b>        | <b>78,895</b>              | <b>377,598</b>          | <b>760,865</b> |
| <b>Financial liabilities</b>                           |                          |                           |                           |                       |                            |                         |                |
| Trade and other payables                               |                          | -                         | -                         | -                     | -                          | 25,270                  | 25,270         |
| Other liabilities                                      |                          | -                         | -                         | -                     | -                          | 280                     | 280            |
| Lease liabilities                                      | 4.85%                    | -                         | 602                       | 1,935                 | -                          | -                       | 2,537          |
| Unearned grants and fellowships                        |                          | -                         | -                         | -                     | -                          | 60,068                  | 60,068         |
|  |                          | <b>-</b>                  | <b>602</b>                | <b>1,935</b>          | <b>-</b>                   | <b>85,618</b>           | <b>88,155</b>  |
| <b>31 December 2021</b>                                |                          |                           |                           |                       |                            |                         |                |
| <b>Financial assets</b>                                |                          |                           |                           |                       |                            |                         |                |
| Cash and cash equivalents<br>(excluding Term Deposits) | 0.16%                    | 61,751                    | -                         | -                     | -                          | -                       | 61,751         |
| Term Deposits  | 0.14%                    | -                         | 15,000                    | -                     | -                          | -                       | 15,000         |
| Trade and other receivables                            |                          | -                         | -                         | -                     | -                          | 50,255                  | 50,255         |
| Equity investments                                     |                          | -                         | -                         | -                     | -                          | 445,212                 | 445,212        |
| Managed funds  |                          | -                         | -                         | -                     | -                          | 48,754                  | 48,754         |
| Floating rate securities                               | 2.98%                    | -                         | 7,729                     | 73,092                | 72,613                     | -                       | 153,434        |
| Fixed rate securities                                  | 3.31%                    | -                         | 1,031                     | 14,546                | 8,717                      | -                       | 24,294         |
|  |                          | <b>61,751</b>             | <b>23,760</b>             | <b>87,638</b>         | <b>81,330</b>              | <b>544,221</b>          | <b>798,700</b> |
| <b>Financial liabilities</b>                           |                          |                           |                           |                       |                            |                         |                |
| Trade and other payables                               |                          | -                         | -                         | -                     | -                          | 13,921                  | 13,921         |
| Other liabilities                                      |                          | -                         | -                         | -                     | -                          | 361                     | 361            |
| Unearned grants and fellowships                        |                          | -                         | -                         | -                     | -                          | 56,138                  | 56,138         |
|  |                          | <b>-</b>                  | <b>-</b>                  | <b>-</b>              | <b>-</b>                   | <b>70,420</b>           | <b>70,420</b>  |

## 24. Concessory Leases

| Lease                                       | Description of underlying assets   | Lease payments                     | Lease term | TARGENIX dependence on leases to further its objectives  | Restrictions on the use of the underlying assets specific to TARGENIX                             |
|---|--|------------------------------------|------------|--|---|
| Parkville crown land                        | The sub-lease is made on 23 Nov 2011 between Department of Health (Head landlord), and Melbourne Health (Landlord) and TARGENIX (Tenant). The Department of Health leases Parkville crown land to Melbourne Health for 99 years. Melbourne Health leases Parkville crown land to TARGENIX for 99 years payable on demand.            | \$104 per annum, payable on demand | 99 years   | The lease provides the land on which TARGENIX was built to perform medical research.   | The crown land is used only for community purposes.   |
| Early Learning and Child Care Centre land * | The sub-lease is made on 31 August 2018 between Department of Health (Head landlord), and Melbourne Health (Landlord) and TARGENIX (Tenant). The Department of Health leases the land (196 m <sup>2</sup> in area at ground level) to Melbourne Health. Melbourne Health leases Parkville crown land to TARGENIX, payable on demand. | \$104 per annum, payable on demand | 21 years   | The lease provides the land on which the Early Learning and Child Care Centre was built. This centre was constructed to address one of the most significant barriers to an ongoing career and advancement at TARGENIX, being access to adequate childcare. | The crown land is used only for community purposes.   |
| Bundoora*                                   | La Trobe University (Landlord) commenced the lease on 31 March 2000 for the former Rio Tinto Building at La Trobe University Campus, Bundoora to TARGENIX (Tenant).  | \$6.25M - paid upfront             | 99 years   | The lease provides the premises for Bio-Medical Research facilities for the Bundoora campus.   | Assignment, sublease, mortgage or license is not permitted without La Trobe University's consent. |
| Wards 8 North and 8 East RMH                | Melbourne Health (Landlord) commenced the lease on 16 March 2015 for the areas located on the 8th floor, main block of The Royal Melbourne Hospital to TARGENIX (Tenant).  | nil per annum                      | Periodic   | The lease provides the area on which TARGENIX is located to perform Bio-Medical Research in conjunction with the Hospital.   | Assignment, sublease, mortgage or license is not permitted without Melbourne Health's consent.    |
| Ward 7 north RMH                            | Melbourne Health (Landlord) commenced the lease on 10 June 2011 for the premises on the plan known as "Ward 7 North" of The Royal Melbourne Hospital to TARGENIX (Tenant). The rent is payable on demand.  | \$1 per annum, payable on demand   | 21 years   | The lease provides the area on which TARGENIX is located to perform Bio-Medical Research in conjunction with the Hospital.   | Assignment, sublease, mortgage or license is not permitted without Melbourne Health's consent.    |

\* The following concessory leases are subject to sub-lease arrangements with third parties.

## 25. Contingent liability

TARGENIX is in the early stages of defending a breach of contract claim in the United States District Court for the Southern District of New York, the outcome of which is not expected this year.

Separately, other legal claims and exposures may arise from the ordinary course of business. There is significant uncertainty as to whether any such future liability may arise, or the amount of any such liability.

## 26. Events after the reporting period

The directors are not aware of any other matter of circumstance which has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of TARGENIX, results of those operations or the state of affairs of TARGENIX in subsequent financial years.



## Governance statement

TARGENIX is a Public Company Limited by Guarantee registered with the ACNC. TARGENIX abides by the ACNC Governance Standards. Ultimate responsibility for the governance of TARGENIX rests with the Board of Directors. This Governance Statement outlines how the Board meets this responsibility.

### Achieving the purpose

The Board's primary role is to ensure that TARGENIX activities are directed towards its purpose under its Constitution. The Board ensures that this is achieved in the most efficient and effective way.

### Specific Responsibilities of the Board

The Board fulfils its primary role by:

- selecting, appointing, guiding and monitoring the performance of TARGENIX Director;
- approving TARGENIX strategic plan developed in conjunction with the TARGENIX Director, staff and students;
- approving operating and capital budgets proposed by the TARGENIX Director with the support of Management;
- monitoring Management's adherence to operating and capital budgets;
- monitoring Management's progress in achieving the Strategic Plan;
- ensuring the integrity of internal control, risk management and management information systems;
- ensuring members receive the annual report and financial statements;
- ensuring TARGENIX complies with relevant legislation and regulations; and
- acting as an advocate for the TARGENIX whenever and wherever possible.

### Management's Responsibility

TARGENIX day-to-day operations and administration are the responsibility of the TARGENIX Director.

### Board Oversight

The Board oversees and monitors Management's performance by:

- meeting at least four times during the year;
- receiving detailed financial and other reports from management at these meetings;
- receiving additional information and input from management when necessary; and
- assigning to the various Committees of the Board responsibility to oversee aspects of the TARGENIX operations and administration. Each Board Committee operates under a Charter approved by the Board. These are reviewed and updated as necessary.

### Board Members

All Board Members are Non-Executive Directors and receive no remuneration for their services.

Appointments to the Board are made to ensure the Board has the right mix of skills and expertise. One Board Member is appointed by the Trustees of the Walter and Eliza Hall Trust and two Board Members are appointed by The University of Melbourne and two by The Royal Melbourne Hospital (Melbourne Health) and up to a further 13 by the Board.

The Company's Constitution specifies:

- there must be no less than 12 and no more than 18 Directors;
- Directors are appointed for a maximum of four terms of three years each, after which Directors may be reappointed annually with the unanimous agreement of all other Board Members; and
- the President and Vice President may hold office for an additional period or periods not exceeding six years.

Board and Committee Members receive information on the terms and conditions of their appointment. Board and Committee Members' knowledge of the business is maintained by scientific presentations, management presentations and visits to TARGENIX sites.

The performance of individual Board and Committee Members and the Board and Board Committees is assessed regularly.

### Risk Management

The Board oversees TARGENIX risk management system, which is designed to protect the Organisation's reputation and manage those risks that might preclude it from achieving its goals.

Management is responsible for establishing and implementing the risk management system, which assesses, monitors and manages operational financial reporting and compliance risks. The Audit, Risk and Compliance Committee is responsible for monitoring the effectiveness of the risk management system between annual reviews.

### Ethical Standards

Board Members, Senior Executives and staff are expected to comply with relevant laws and the codes of conduct of relevant professional and research bodies and to act consistent with TARGENIX values of integrity, compassion, fairness and honesty at all times when dealing with colleagues, and others who are stakeholders in our purpose.

### Involving Stakeholders

TARGENIX has many stakeholders, including our donors and benefactors, our staff and students, the broader community, the government agencies that provide us funds and regulate our operations, and our suppliers.

We adopt a consultative approach in dealing with our stakeholders. We get involved in industry forums to ensure governments at all levels are aware of our concerns and achievements and remain abreast of industry developments.

### Indemnification and Insurance

TARGENIX insures Directors (and the Company Secretary and Executives) against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director (or Company Secretary or Executive) of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

## Directors' report

The Directors of TARGENIX submit this Annual Financial Report of the Company for the year ended 31 December 2022. The Directors' report is as follows:

### Directors and Board Meetings

The names and particulars of the Directors of the Company during or since the end of the financial year and attendance at Board meetings in the year ended 31 December 2022 are:

|  |   | Joined Board | Meetings held while a Director | Meetings Attended |
|--|---|--------------|--------------------------------|-------------------|
| <b>Jane S Hemstritch</b><br><i>Chairperson and President of TARGENIX</i> | BSc(Hons) FAICD FICAEW,FICAANZ  | 2013         | 7                              | 6                 |
| <b>Robert H Wylie</b><br><i>Honorary Treasurer</i>                       | FCA FAICD   | 2014         | 7                              | 6                 |
| <b>Geoff Roberts</b><br><i>Joined 1 September 2022</i>                   | BComm Melb,FCA,FAICD,Exec MBA AGSM                                      | 2022         | 4                              | 4                 |
| <b>Marudhu Pandian</b>   | MBA BE(Civil) FIE(Aus) FAusIMM FAIM MICE(UK) FAICD                      | 2014         | 7                              | 6                 |
| <b>John Dyson</b>  | BSc Grad Dip Fin Inv MBA  | 2016         | 7                              | 7                 |
| <b>Jane Gunn</b>   | HMS, FRACGP, PhD, DRANZCOG, MBBS  | 2021         | 7                              | 4                 |
| <b>James McCluskey AO</b>  | BMedSci MBBS MD FRACP FRCPA   | 2011         | 7                              | 7                 |
| <b>Marie McDonald</b>  | BSc (Hons) LLB (Hons)   | 2016         | 7                              | 7                 |
| <b>Carolyn Viney</b>   | LLB/BA  | 2016         | 7                              | 6                 |
| <b>Christine Kilpatrick AO</b>   | MBBS, MBA, MD, FRACP, FRACMA, FAICD, FAHMS, DMedSci (Hons)              | 2017         | 7                              | 7                 |
| <b>Pippa Connolly</b>  | MEng, CPEng, FIEAust, GAICD   | 2019         | 7                              | 7                 |
| <b>Peter Collins</b><br><i>Resigned 24 February 2022</i>                 | BA(Hons) BTheolMCD, MBA,HEC, DPhil Oxford (Candidate)                   | 2018         | 1                              | 1                 |
| <b>Sir John Savill</b>   | BA MBChB PhD FRCP FRCPE FRCSEd (Hon) FRCPCH(Hon) FASN FRSE F.MedSci FRS | 2018         | 7                              | 7                 |
| <b>Kee Wong</b>  | BEng (Hons), MBA, GradDipComp (Distinction), FAICD                      | 2021         | 7                              | 4                 |
| <b>Angeli Weller</b><br><i>Joined 2 March 2022</i>                       | PhD, MBA, BA (Hons), MAICD  | 2022         | 6                              | 6                 |

### The Audit, Risk and Compliance Committee

The role of the Audit, Risk and Compliance Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities with regard to the review and preparation of its annual accounts, risk management and internal control systems of the TARGENIX. The Committee met four times during the period under review.

### Principal Activities

The TARGENIX principal activity in the financial year was Bio-Medical Research and there has been no significant change in that activity during the financial year.

### Financial Results

The financial results from operations was a net deficit of \$6,649,000 (31 December 2021 net surplus of \$15,816,000). After allowing for non-operational items, the overall result for the period was a deficit of \$640,000 (31 December 2021 surplus of \$57,522,000). Tax is not applicable. The Company is limited by Guarantee, has no share capital and declares no dividends.

### Operations

A review of operations of the TARGENIX is included in the detailed scientific reports.

### Environmental Regulations

TARGENIX aims to achieve a high standard in environmental matters. TARGENIX complies with the *Environmental Protection Act (Vic)* regarding its operations. Discharges to air and water are below specified levels of contaminants and solid waste is disposed of appropriately.

Biomedical waste and sharps are disposed of through appropriately licensed contractors. The Directors have not received notification, nor are they aware of any breaches of environmental laws by TARGENIX.

## Appreciation

The Board wishes to extend its appreciation to the Members of the various Committees (People and Culture Committee, Human Research Ethics Committee, Investment Committee, Advocacy and Support Committee, Audit, Risk and Compliance Committee, Ethical Practice and Research Integrity Committee, Master Planning Committee and the Commercialisation Committee) as well as the many other people including the TARGENIX Director, staff, students, overseas visitors and honorary workers, who work so tirelessly to advance the institutes world-wide reputation for excellence in medical research. A table of attendance at the various committees is listed below.

| Committee attendance                                       | Meetings held while a member | Meetings attended |
|--|------------------------------|-------------------|
| <b>Audit and Risk Committee</b>                            |                              |                   |
| Mr Geoff Roberts (Chair)<br><i>Joined 1 September 2022</i> | 2                            | 2                 |
| Mr Robert Wylie  | 4                            | 4                 |
| Mr Malcolm Broomhead AO                                    | 4                            | 3                 |
| Associate Professor Pippa Connolly                         | 4                            | 4                 |
| <b>Commercialisation Committee</b>                         |                              |                   |
| Ms Marie McDonald (Chair)                                  | 6                            | 6                 |
| Dr Leigh Farrell   | 6                            | 5                 |
| Dr Lisa Hennessy<br><i>Resigned 24 October 2022</i>        | 4                            | 4                 |
| Mr Saul Cannon   | 6                            | 4                 |
| Professor Sir John Savill                                  | 6                            | 2                 |
| Isabelle Lucet   | 6                            | 4                 |
| John Silke   | 6                            | 3                 |
| Peter Colman<br><i>Left July 2022</i>                      | 2                            | 1                 |
| John Dyson<br><i>Joined 4 August 2022</i>                  | 4                            | 3                 |
| <b>Advocacy and Support Committee</b>                      |                              |                   |
| Mr John Dyson (Chair)                                      | 4                            | 4                 |
| Dr Paul Cooper   | 4                            | 4                 |
| Mr Michael Daddo<br><i>Resigned 8 February 2022</i>        | -                            | -                 |
| Mr Hugh Hodges   | 4                            | 4                 |
| Ms Caroline Johnston                                       | 4                            | 3                 |
| Ben Sze<br><i>Joined 8 July 2022</i>                       | 2                            | 1                 |
| Ms Andrea Lapidge  | 4                            | 4                 |
| Ms Catherine Robson<br><i>Resigned 8 February 2022</i>     | -                            | -                 |
| Andrew Brooks<br><i>Joined 8 July 2022</i>                 | 2                            | 2                 |
| Kee Wong<br><i>Joined 8 July 2022</i>                      | 2                            | 1                 |
| Leslie Falkiner-Rose<br><i>Joined 8 July 2022</i>          | 2                            | 1                 |

| Committee attendance                               | Meetings held while a member | Meetings attended |
|--|------------------------------|-------------------|
| <b>People and Culture Committee</b>                |                              |                   |
| Mrs Jane Hemstritch (Chair)                        | 3                            | 3                 |
| Professor Doug Hilton                              | 3                            | 2                 |
| Professor Sir John Savill                          | 3                            | 1                 |
| Ms Carolyn Viney                                   | 3                            | 3                 |
| Dr Angeli Weller                                   | 3                            | 3                 |
| <b>Human Research Ethics Committee</b>             |                              |                   |
| Mr Peter Collins (Chair)                           | 4                            | 4                 |
| Rev Father Michael Elligate                        | 4                            | 2                 |
| Dr Daniel Ajak                                     | 4                            | 4                 |
| Ms Terri Lourey                                    | 4                            | 4                 |
| Mr Hugh Foley                                      | 4                            | 2                 |
| Professor Marc Pellegrini                          | 4                            | 4                 |
| Ms Louise Steinfort                                | 4                            | 3                 |
| Dr Ian Majewski                                    | 4                            | 3                 |
| Dr Vanessa Bryant                                  | 4                            | 3                 |
| Ms Jane Fiske                                      | 4                            | 1                 |
| Ms Bree Ridgeway                                   | 4                            | 2                 |
| Dr Jeanne Tie                                      | 4                            | 2                 |
| Ms Sarah Galbraith                                 | 4                            | 3                 |
| <b>Investment Committee</b>                        |                              |                   |
| Mr Robert Wylie (Chair)                            | 4                            | 4                 |
| Mr Geoff Roberts<br><i>Joined 1 September 2022</i> | 2                            | 2                 |
| Mr Malcolm Broomhead AO                            | 4                            | 3                 |
| Mr Stephen Merticek                                | 4                            | 4                 |
| Mr Stephen Milburn-Pyle                            | 4                            | 4                 |
| Mr Andrew Scott                                    | 4                            | 4                 |
| Ms Fiona Trafford-Walker                           | 4                            | 2                 |
| <b>Ethical Practice and Research Integrity</b>     |                              |                   |
| Dr Angeli Weller (Chair)                           | 2                            | 2                 |
| Professor Jane Gunn                                | 2                            | 2                 |
| Mr Peter Collins                                   | 2                            | 2                 |
| Associate Professor Ian Majewski                   | 2                            | 2                 |
| Professor Doug Hilton                              | 2                            | 2                 |
| <b>Master Planning sub-committee</b>               |                              |                   |
| Ms Carolyn Viney (Chair)                           | 4                            | 4                 |
| Associate Professor Pippa Connolly                 | 4                            | 4                 |
| James Cain   | 4                            | 4                 |

### **Auditors' independence declaration**

The Auditors' independence declaration is included on page 28 of the financial report.

### **Other Matters**

- (a) During the financial year there was no significant change in the Company's state of affairs other than that referred to in the accounts or the notes thereto.
- (b) There has not been any other matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.
- (c) Disclosure of information regarding likely developments in the operations of the Company in future years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.
- (d) During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company against liability incurred as such a Director or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of the Company or any related body corporate against a liability incurred as such an Officer or Auditor.
- (e) The Company is a Company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars.

### **Directors' declaration**

Directors' Declaration - per section 60.15 of the Australian Charities and Not-for-Profits Commission Regulation 2013, the Directors declare that in the Directors' opinion:

- (a) there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-Profits Commission Act 2012.

## Statistical summary for the year ended 31 December 2022

|   | 2022            | 2021            | 2020            | 2019            | 2018           |
|---|-----------------|-----------------|-----------------|-----------------|----------------|
|   | \$'000s         | \$'000s         | \$'000s         | \$'000s         | \$'000s        |
| <b>Operating revenue</b>                                |                 |                 |                 |                 |                |
| Australian Government                                   | 56,930          | 59,900          | 64,798          | 46,298          | 45,057         |
| Victorian Government                                    | 9,599           | 9,883           | 10,311          | 10,513          | 10,909         |
| Foreign governments                                     | 380             | 35              | -               | 70              | 22             |
| <b>Government revenue</b>                               | <b>66,909</b>   | <b>69,818</b>   | <b>75,109</b>   | <b>56,881</b>   | <b>55,988</b>  |
| Industrial grants and contracts                         | 17,588          | 12,181          | 13,439          | 8,689           | 7,182          |
| Philanthropic grants and fellowships - Australia        | 10,510          | 12,563          | 9,870           | 13,399          | 15,759         |
| Philanthropic grants and fellowships - international    | 6,007           | 2,885           | 4,649           | 3,343           | 6,824          |
| Investment income                                       | 35,740          | 29,518          | 19,996          | 24,156          | 30,063         |
| Royalty income  | 2,434           | 770             | 1,654           | 7,483           | 4,027          |
| General revenue   | 7,300           | 9,105           | 6,842           | 8,916           | 8,260          |
| Donations and bequests                                  | 31,949          | 28,227          | 26,522          | 15,449          | 14,766         |
| Royalty monetisation revenue                            | -               | 27,590          | 38,961          | 35,633          | -              |
| <b>Non-government revenue</b>                           | <b>111,528</b>  | <b>122,839</b>  | <b>121,933</b>  | <b>117,068</b>  | <b>86,881</b>  |
| <b>Total revenue</b>                                    | <b>178,437</b>  | <b>192,657</b>  | <b>197,042</b>  | <b>173,949</b>  | <b>142,869</b> |
| <b>Operating expenditure</b>                            |                 |                 |                 |                 |                |
| Staff costs   | 121,581         | 109,662         | 102,547         | 98,340          | 90,493         |
| Scientific laboratories                                 | 26,535          | 24,561          | 20,212          | 23,435          | 23,390         |
| Building operations                                     | 6,254           | 5,585           | 5,092           | 5,908           | 5,801          |
| Administration  | 13,233          | 14,716          | 11,520          | 8,648           | 6,715          |
| Fundraising   | 911             | 518             | 502             | 620             | 475            |
| Business development                                    | 2,355           | 9,200           | 2,725           | 1,219           | 1,261          |
| Allowance for credit loss increase/(decrease)           | -               | (32)            | (30)            | 62              | 188            |
| Royalty monetisation costs                              | -               | (4,418)         | 2,239           | 10,104          | 4,755          |
| Net foreign exchange loss/(gain)                        | (6,413)         | (4,669)         | 10,282          | 477             | (4,998)        |
| <b>Total expenditure</b>                                | <b>164,456</b>  | <b>155,123</b>  | <b>155,089</b>  | <b>148,813</b>  | <b>128,080</b> |
| <b>Results from operating activities</b>                | <b>13,981</b>   | <b>37,534</b>   | <b>41,953</b>   | <b>25,136</b>   | <b>14,789</b>  |
| <b>Other income</b>                                     |                 |                 |                 |                 |                |
| Profit/(loss) on sale of long-term assets               | -               | 161             | (135)           | 297             | 2              |
| Fair value gain/(loss) on investments                   | (8,432)         | 10,549          | 816             | 5,261           | (589)          |
| Share of profits/(loss) of equity accounted investments | 2,011           | -               | -               | -               | -              |
| Gain on merger  | 4,068           | -               | -               | -               | -              |
| Donations and bequests capitalised to Permanent Funds   | 1,620           | 26,659          | 673             | 1,359           | 6,510          |
| <b>Total other income</b>                               | <b>(733)</b>    | <b>37,369</b>   | <b>1,354</b>    | <b>6,917</b>    | <b>5,923</b>   |
| <b>Other expenses</b>                                   |                 |                 |                 |                 |                |
| Depreciation and amortisation                           | (13,746)        | (12,959)        | (11,871)        | (10,941)        | (9,368)        |
| Impairment of property, plant and equipment             | (142)           | (4,422)         | -               | -               | -              |
| <b>Total other expenses</b>                             | <b>(13,888)</b> | <b>(17,381)</b> | <b>(11,871)</b> | <b>(10,941)</b> | <b>(9,368)</b> |
| <b>Net operating surplus</b>                            | <b>(640)</b>    | <b>57,522</b>   | <b>31,436</b>   | <b>21,112</b>   | <b>11,344</b>  |
| <b>Capital funds</b>                                    |                 |                 |                 |                 |                |
| Permanent invested capital funds                        | 240,122         | 229,672         | 202,322         | 198,833         | 194,181        |
| General funds   | 408,197         | 419,077         | 394,285         | 371,193         | 377,710        |
| Royalty fund  | 55,822          | 56,389          | 56,135          | 55,039          | 48,054         |
| Leadership fund   | 35,259          | 30,225          | 28,927          | 27,965          | 26,557         |
| Discovery fund  | 6,341           | 5,746           | 5,484           | 5,271           | 4,961          |
| Investment revaluation reserve                          | 82,526          | 125,878         | 70,311          | 67,200          | 8,211          |
| <b>Total funds</b>                                      | <b>828,267</b>  | <b>866,987</b>  | <b>757,464</b>  | <b>725,501</b>  | <b>659,674</b> |
| <b>Capital expenditure</b>                              |                 |                 |                 |                 |                |
| Property, plant and equipment                           | 15,266          | 15,710          | 24,195          | 12,252          | 22,029         |
| <b>Staff numbers: (equivalent full-time)</b>            |                 |                 |                 |                 |                |
|   | <b>2022</b>     | <b>2021</b>     | <b>2020</b>     | <b>2019</b>     | <b>2018</b>    |
| <b>Scientific research staff:</b>                       |                 |                 |                 |                 |                |
| -Senior faculty   | 82              | 74              | 85              | 87              | 80             |
| - Postdoctoral scientists                               | 276             | 252             | 224             | 213             | 199            |
| - Visiting scientists                                   | 12              | 8               | 32              | 34              | 36             |
| -Other laboratory research staff                        | 329             | 313             | 234             | 235             | 241            |
| <b>Supporting staff:</b>                                |                 |                 |                 |                 |                |
| - Other support services                                | 211             | 180             | 204             | 202             | 196            |
| <b>Total staff and visiting scientists</b>              | <b>910</b>      | <b>827</b>      | <b>779</b>      | <b>771</b>      | <b>752</b>     |
| <b>Students</b>   | <b>197</b>      | <b>194</b>      | <b>159</b>      | <b>206</b>      | <b>192</b>     |
| <b>Papers published</b>                                 | <b>484</b>      | <b>477</b>      | <b>424</b>      | <b>388</b>      | <b>417</b>     |

## Capital Funds

### Permanent Named Capital Funds

The following is a complete listing of all permanent funds held and invested by the Institute at 31 December, 2022.

\*New donations of capital received in current financial period.

|   |   |                                  |
|---|---|----------------------------------|
| Adair John Bequest (ex DW)                      | Cahill JL Estate                        | Dobbie Myrtle M Estate           |
| Adair John Bequest (ex MF)                      | Callaway LJ Estate                      | Dodgshun GM Estate               |
| Alexander R Estate                              | Cambridge Beresford Estate              | Dossetor Catherine L Estate      |
| Allison-Levick J & H                            | Carlin Freda Evelyn Estate              | Dowie S Estate                   |
| Alston Peter and Julie Florence Fellowship Fund | Carling DM Estate                       | Drakensberg Trust                |
| Amey AM Estate                                  | Carlson Catherine Estate                | Drury Evelyn Ann Fund            |
| Anderson KA Estate                              | Carlson Elizabeth F Estate              | Duncan PH Estate                 |
| Anderson NM Estate                              | Carty LEW Charitable Fund               | East James Douglas Estate        |
| Angus Dorothy Irene Estate                      | Cato EA Estate                          | Edwards Allen Richard Estate     |
| Arnel Florence Janet Maude Estate               | Cato MC Estate                          | Edwards HHW Estate               |
| Arter Myra G Estate                             | Chapman Debbie Memorial Fund            | Eisner KR                        |
| Ashford Ivy A Estate                            | Charles L Bartholomew Estate            | Ellis GM Estate                  |
| Attwell Samuel E Estate                         | Chatfield SL Estate                     | Emery Harriet Anne Estate        |
| Atyeo George & Isobel Fund                      | Claridge John PG Estate                 | Eva Michael Ross Estate          |
| Baker Alice Lillian Estate                      | Clark Lindesay Fund                     | Facey Mary Bethune Estate        |
| Ballantyne JW Estate                            | Cockburn Clarice BP Estate              | Fagg Maude V Estate              |
| Barfield WG Estate                              | Cole DE Estate                          | Fields Ernest Estate             |
| Barry Joan Elaine Memorial Fund                 | Coles GO Estate                         | Findlay Winifred Gertrude Estate |
| Bartlett Mary V Estate                          | Collie Barbara Estate                   | Fitzgerald Sheila Mary Estate    |
| Bates Tim Memorial Diabetes Research Fund       | Collie Betty Rae                        | Ford Ada Joyce Estate            |
| Bauer Dr Franz Estate                           | Collie George Estate                    | Fraser K Estate                  |
| Bell Valerie Amy                                | Colliver Len Estate                     | Galbraith DA & DV Estate         |
| Benjamin EG Estate                              | Connolly Grace C Estate                 | Gerdts Sheila Lesley G Estate    |
| Bennett LM Estate                               | Cormack Margaret Mary                   | Gibb Geo & Bennett Wm A          |
| Berry Ruby C Estate                             | Cory Joy & Desmond Cancer Research Fund | Gilbert Augusta Estate           |
| Biderman Cyla Estate                            | Coultass Hylde M Estate                 | Gilder CH Estate                 |
| Blain BE Estate                                 | Courtney Gwendoline Vera Estate         | Gillon AM Estate                 |
| Bland RT Estate                                 | Coutts Dr ELA Estate                    | Gilmore Trakka Fund              |
| Bock Lindsay William Estate                     | Coutts IBM Estate                       | Girdwood J Estate                |
| Boothman Alva Estate                            | Craven DA Memorial Fund                 | Goldman Sachs JB Were Foundation |
| Borrett M A Estate                              | Crawford Duncan Estate                  | Gordon H & T Estate              |
| Bran EG Estate                                  | Criswick R M Estate                     | Graves GC Estate                 |
| Brennan EM Estate                               | Critchlow Ronald P Estate               | Gray Bessie Mavis Fund           |
| Brittain W & VI Mem Fund                        | Crowley MM Estate                       | Gray Clara Estate                |
| Brockhoff Nyon Trust                            | Cubbins SG Estate                       | Greig Harry Douglas Estate       |
| Brough AV Estate                                | Cummings ED Estate                      | Grubb Walter Joseph Estate       |
| Brown Isabelle A Estate                         | Cutter BE Estate                        | Guest Doris Rose Estate          |
| Bruce RH Estate                                 | Darbyshire EJ (Ted) Estate              | Hackett Dorothy Estate           |
| Brumloop LAA Estate                             | Davey Dorothy Estate                    | Hadfield RCS Estate              |
| Buckland William Foundation Fund                | David Mann Memorial Research Fund       | Hadley AN Estate                 |
| Buckman Olive Estate                            | Davidson BI Estate                      | Hamilton M Estate                |
| Bult C G Estate                                 | Davidson EE Estate                      | Harrap FM Estate                 |
| Burley Stanley Estate                           | Davis FLG Estate                        | Harrap LM Estate                 |
| Burnet Sir Macfarlane Estate                    | Dawson Anne Marie Estate                | Harris John D & Lyla Foundation  |
| Burns JC Estate                                 | Del Cott RAM Estate                     | Hartlett K Estate                |
|   | Deryk SD Estate                         | Haydon Michael JM Memorial Fund  |
|   | Dick MRK (Ray) Estate                   | Hearse JD                        |
|   | Dickie Phoebe Estate                    | Hemphill Olive May Estate        |
|   | Dimsey WE Estate                        | Henderson AN Estate              |

Henderson Joan Estate  
 Henry MA Estate  
 Heron Thelma Hope Estate  
 Highton GAN Estate  
 Hill Ramon Bruce Estate  
 Hind Ruby F Estate  
 Hocking Helen Estate  
 Holmes EM Estate  
 Hooper Nancy Hilda  
 Hope Irene Estate  
 Hosier MM Estate  
 Hurry M Estate  
 Inglis Dulcie M Estate  
 Ironside WH Estate  
 Jackson Catherine M Estate  
 JE Craven & MA Shearer Estates  
 Johnson Daphne Adele Estate  
 Johnson Ethel Grace Estate  
 Johnson Sydney Robert Estate  
 Johnstone Reginald Ben Estate  
 Judd Anita Estate  
 Kayler-Thomson Marion Estate  
 Keating L Estate  
 Keats LCA Estate  
 Kellock TH Estate  
 Kendall Nanyce Douglas  
 Kerr HM Estate  
 King DM Estate  
 Knight FF Estate  
 Lang John Murray Estate  
 Lanigan Annie Maria (Nance)  
 & Janet Mary Fund  
 Lanteri Gwen Estate  
 Larard DV Estate  
 Leckie Winifred Estate  
 Lilford VM Estate  
 Lins RD Estate  
 Little Mabel B Estate  
 Lyddon Pauline M Estate  
 Lyell Alexia Bequest  
 MacAskill WG & I  
 MacDonald Elsie May Estate  
 Mace Nina May Estate  
 Macindoe Jock & Diana Fund  
 MacIntosh Elizabeth H Estate  
 Mackay Ian  
 Mackie-Smith CM Estate  
 Macleay The Lillian & Kenneth Bequest  
 MacNamara Jean Fund  
 Mahoney Florence Cancer Fund  
 Malcolm Phyllis Elizabeth Estate  
 Maloney Kathleen Margaret Estate  
 Mansfield Trevor Geoffrey Estate  
 Marguccio R Estate  
 Mariner Barry Leonard Estate  
 McArthur Nellie M Estate  
 McCooke Miss MH Estate  
 McDonald Charles Thomas  
 McDougall Phyllis Mable Estate  
 McGhee ME Estate  
 McGregor Amy VK Estate  
 McGregor Elvira Ruth Estate  
 McGregor KB Estate  
 Mckay C N Fund  
 McKinnon Sheila May Estate  
 McLean Ada Myee Dutton Estate  
 McLennan B Estate  
 McNab M Estate  
 McNeill Sir James Fund  
 McRorie Ruby A Estate  
 Menagh Thelma Marie Estate  
 Miller Lorna May Estate  
 Miller MA Estate  
 Miller Violet Isabella Estate  
 Minney DW & NR Fund  
 Mitchell Doris Georgina Mildred  
 Mitchell G Fund  
 Mitchell, Bettye Victoria Fund  
 Moden FHW Estate  
 Moody E Vaughan Estate  
 Moon Ida Alice Estate  
 Mooney Carmel Mary, Estate of  
 Moore Phyllis Estate  
 Morgan DM Estate  
 Morris Foundation of Bio-Medical  
 Research Moss EE Estate  
 Muller FG Estate  
 Murray Alan Ambrose Estate  
 Murray Gwendoline Mary Fund  
 Must Mary Kathleen Bequest  
 Myer Dame Merlyn Estate  
 Myer Pam Sallmann Foundation  
 Nevill Melanie Joy  
 Newton EM Estate  
 Newton Evelyn  
 Nicholas Harold George Estate  
 Norins Leslie Fund  
 Norton M Estate  
 Nossal Sir Gustav Fund  
 Nottingham SG Estate  
 Palmer DE Estate  
 Palmer Ethel Fund  
 Parker Barbara Memorial Fund  
 Parker Mabel V Estate  
 Parsons Kathleen FB Estate  
 Patten Ralph & Ety Bequest  
 Patterson Gerard A Estate  
 Paulin Leukaemia Fund  
 Paulin SC Estate  
 Payne Henry and Charlotte Fund  
 Peterson Vera Estate  
 Petley Francis Estate  
 Pierce John Lindsay Estate  
 Pietsch Dr CH Fund  
 Porter Florence JA Estate  
 Prater Mabel Edward  
 Pritchard DG Estate  
 Pyke MA Estate  
 Qualtrough Research Fund  
 Rae Olive Estate  
 Reeves Jessie Estate  
 Reid John T Charitable Trusts  
 Reiser Erwin Estate  
 Richardson DLK Estate  
 Ricker EM Fund  
 Roberts JI Charitable Fund  
 Robertson AT Estate  
 Rose Norma J Estate  
 Ruppel FE Estate  
 Salemann CW Estate  
 Sallmann L & E Memorial Fund  
 Santos TS Estate  
 Schack Elsie Edith Estate  
 Scott Annie May Estate  
 Sharp II Estate  
 Shaw Eileen Coryn Estate  
 Shelton Edgar Estate  
 Sidwell OB Estate  
 Sir Harold Dew and Family Estate  
 Skea Lyndal and Jean Leukaemia Fund  
 Skinner Phyllis Maye Estate  
 Smith Elsie Violet Estate  
 Smorgon Robert & Jack Family Foundation  
 Snow Freda Estate  
 Spence Frank Meldrum  
 Spencer Stanley L Estate  
 Stanbrough AE Estate  
 Stephens L Estate  
 Stevens SA Estate  
 Stevenson Dame Hilda Estate  
 Stewardson Family Trust  
 Stewart Jean Elma  
 Swingler Maxwell & Mary Bequests



Sydserrff Charles SB Estate  
 Syme David Farnell Estate  
 Talbot P Estate  
 Taws GE Arthritis Fund  
 Taws M Estate  
 Taylor Sarah McQuillan Estate  
 The Ruby Bryan Memorial Fund  
 Thomas JC Estate  
 Thompsom LW Estate  
 Thompson O Estate  
 Thorpe Doris EB  
 Tink RM Estate  
 Tinkler VF Estate  
 Tomasetti John T Estate  
 Tressider Edith Kathleen Estate  
 Trezise KW Estate  
 Tropical Diseases Fund  
 Turnbull JG Estate  
 Van Leeuwen GH Estate  
 Vincent-Smith IG Fund  
 Vogel Herta & FB Estate  
 Walker CM Estate  
 Walker Dorothy Hope Estate  
 Wallace Nancy Jeanie Estate  
 Walsh Dr William Butler Memorial Fund  
 Walter Ailsa Amy Mary Estate  
 Warnock EMC nee Riddle Estate  
 Watson MR Estate  
 Waxman Elizabeth H Estate  
 Webb NJ Estate  
 Wedge Erica Estate  
 Weeks Thelma Estate  
 Wekwerth Hilda Frances Estate  
 West John James Estate  
 Westcott Ita E Estate  
 White Morris G Estate  
 Wicks LR Estate  
 Williams AM Estate  
 Williams Irene E Estate  
 Wilson DE Estate  
 Wilson MML Estate  
 Wilson NF Estate  
 Wilson V M (Sunny) Estate  
 Wolstonecroft WW Estate  
 Wright Lynette Oreti Estate  
 \*Z & C Jeffs Family Fund  
 Zillman Dudley V Estate

## Fellowship and Scholarship Funds

Farrant Patricia & John Scholarship Fund  
 Harris Alan Scholarship Fund  
 JHA Munro Foundation  
 Macphee Avis Permanent Fund  
 Mathison G C Research Scholarship  
 Metcalf Donald Scholarship Fund  
 Metcalf Family Cancer Research Fellowship Fund  
 Moffatt Edith Scholarship Fund  
 The Sir Clive McPherson Family Centenary Fellowships  
 Wendy Dowsett Scholarship Fund

## PhD Scholarship Funds

Carty EM Fund  
 Mackay Dr Ian Fund  
 Pearl Paddy Fund  
 Speedy Pauline Scholarship Fund  
 Syme Colin Fund  
 The John and Margaret Winterbottom Bequest  
 Wilson Ed Memorial Fund

## Other Funds

Balderstone Award  
 Gideon Goldstein Fund  
 John and Patricia Farrant Bequest Fund  
 Speedy Pauline Innovation Grant Fund

The following Estates in which the Institute had an interest, were managed during the year by Trustees. (Income received by the Institute in the financial period is treated similar to donations):

Agnes Maude Reilly Charitable Trust  
 Albert H Maggs Charitable Trust  
 Estate Lindsay James Baldy  
 Estate of Eleanor Margrethe Albiston (The Stang Bequest)  
 Estate of Emily Vera Winder  
 Estate of Ethel Mary Drummond  
 Estate of Florence Mary Young  
 Estate of Maxwell Gardiner Helpman  
 Estate of Sheila Mary Helpman  
 Frederick and Winifred Grassick Memorial Fund  
 Harold & Cora Brennen Benevolent Trust  
 Irene & Ronald MacDonald Foundation  
 John Frederick Bransden Charitable Trust  
 Margaret Lewis Reilly Charitable Trust  
 S.T.A.F - Rupert Ethel & Ronald Fraser & Ruby Thomas

The C.H. Boden Memorial Trust  
 The Frank Broadhurst Memorial Charitable Fund  
 The George Thomas & Lockyer Potter Charitable Trust  
 The Hazel & Pip Appel Fund  
 The Mackie Bequest  
 Thomas, Annie & Doris Burgess Charity Trust

## Leadership Fund

The Leadership Fund was established in honour of President Gustav Nossal, Donald Metcalf, Jacques Miller and Suzanne Cory to provide named Fellowships to nurture the development of outstanding young scientists with the potential to be future leaders of biomedical research.

The Leadership Fund at 31 December 2022 included the following permanent funds (\$10,000 and over):

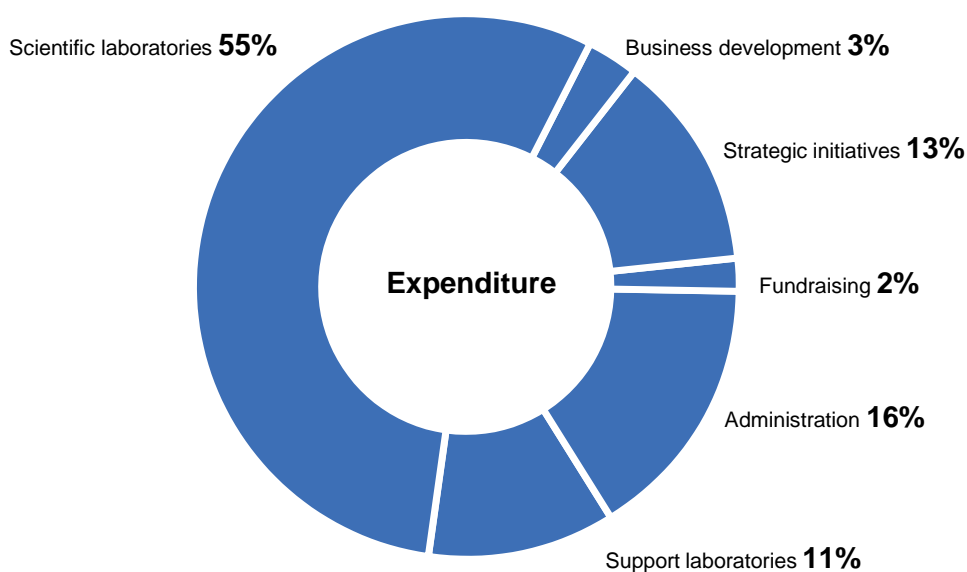
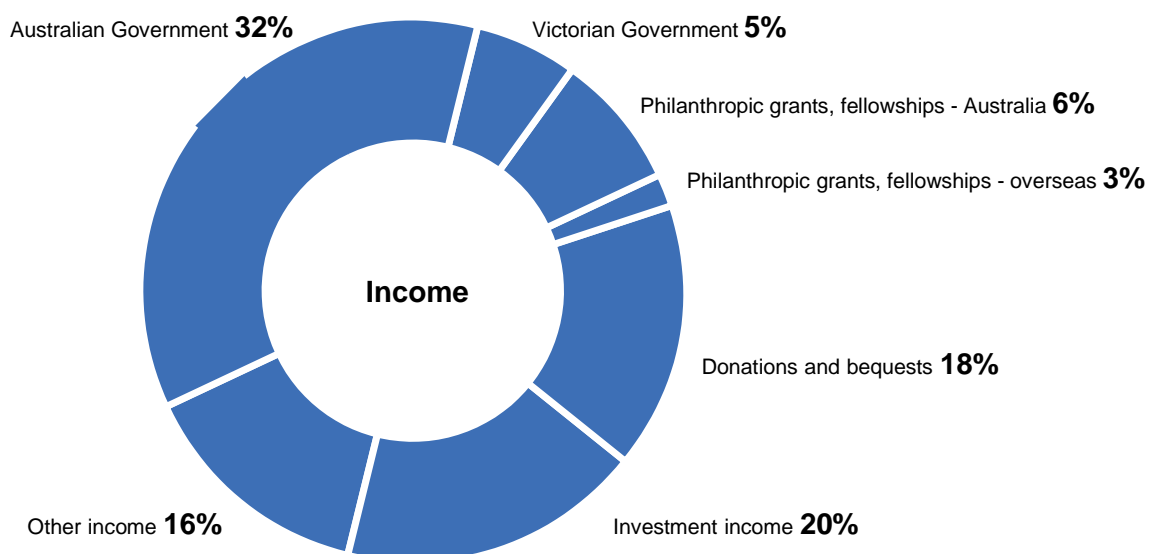
Albert H Maggs Charitable Trust  
 Arthur Andersen & Co Foundation  
 Arthur Robinson & Hedderwicks  
 Betty Eunice Stephens Estate  
 C M Walter  
 Chugai Pharmaceutical Co Ltd  
 Coles Myer Ltd  
 E Vaughan Moody Estate  
 Eunice L Lambert Estate  
 H B Kay Estate  
 Helen Macpherson Smith Trust  
 J B Were & Son Charitable Fund  
 James Kirby Foundation  
 Joe White Bequest  
 Krongold Foundation Pty Limited  
 L M Archibald Estate  
 Leslie D W Stewart Estate  
 National Australia Bank  
 National Mutual Holdings Limited  
 Pacific Dunlop Ltd  
 Professor Sir Gustav Nossal  
 Sheila R White Estate  
 Sir Harold Dew and Family Estate  
 Stephelle Pty Ltd  
 The Broken Hill Proprietary Company Limited  
 The Ian Potter Foundation  
 The R & J Law-Smith Gift  
 The Scobie and Claire MacKinnon Trust  
 The Sidney Myer Fund  
 Victor Smorgon Charitable Fund







**The period at a glance** (Excluding monetisation and unrealised foreign exchange losses)



**The Year In Brief**

|   | <b>2022</b><br>\$'000 | <b>2021</b><br>\$'000 |
|---|-----------------------|-----------------------|
| Income for operations                   | 178,437               | 192,092               |
| Expenditure in operations               | 185,086               | 176,276               |
| Net surplus (deficit) from operations   | (6,649)               | 15,816                |
| Number of staff and visiting scientists | 910                   | 778                   |
| Number of postgraduate                  | 197                   | 159                   |
| Total staff (EFT)s                      | 1,107                 | 937                   |

