Delivering results
Investing for future growth

2010 Annual Report

2010

Sirtex is transforming and improving the way liver cancer can be treated, helping to bring hope and quality of life to patients and their families worldwide.

Annual General Meeting

The Annual General Meeting will be held at 10:00am on 26 October 2010 at the Stamford Grand Hotel North Ryde, NSW Australia.

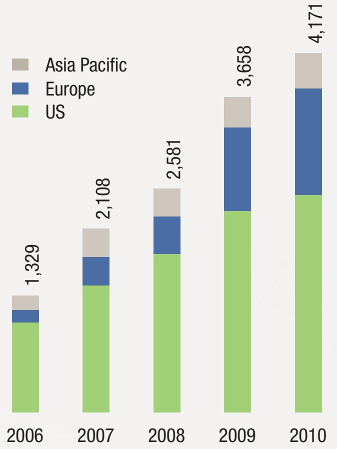
Sirtex's global headquarter is in Sydney, Australia, with three regional headquarters located in Asia Pacific, Europe and the United States and principal manufacturing facilities in Australia and the United States.

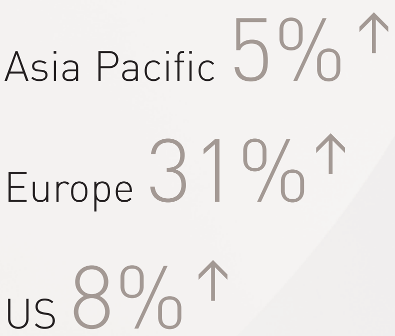
Sirtex Medical Ltd ABN 35 078 166 122

2010 Financial Snapshot

- Dose sales of SIR-Spheres microspheres targeted radioactive liver cancer treatment were up 14 per cent year-on-year.
- Sales revenue this year was down 1.9 per cent from $65.5 million to $64.3 million with the strength of the Australian dollar against a weakening Euro and US dollar the main reason for the flat number despite strong product sales.
- Sales in Europe grew by 31 per cent, sales in the US were up 8 per cent and sales in the Asia Pacific region grew 5 per cent.
- Sales revenue in Europe was $21.5 million, revenue in the US was $40 million and the Asia Pacific region $2.8 million.
- Cash from operating activities was $20.2 million compared to $20.1 million last year.
- Cash on hand increased to $41.4 million compared with $26.5 million last year.

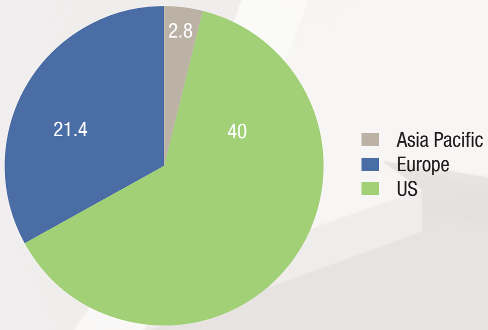
5 Year Dose Sales Growth





2010 Sales Revenue

$Million



- Profit before tax, excluding foreign exchange, was up 27 per cent to $20.5 million compared to $16 million last year. The result included $5.6 million in damages, legal costs, expenses and interest from The University of Western Australia and Dr Bruce Gray following proceedings in the Federal Court of Australia.
- Profit before tax, including foreign exchange, was down 17.5 per cent to $19.1 million. Net profit after tax was $16 million, down 12 per cent due to unfavourable foreign currency conditions.
- Earnings per share (EPS) was 28.8 cents compared to 32.7 cents last year. Net tangible assets per share rose 33 per cent to 89.9 cents per share.
- Payment of a fully franked final year dividend of 7 cents per share on 14 October 2010 to shareholders registered at 30 September 2010.

The Success of SIR-Spheres Microspheres

SIR-Spheres microspheres are an innovative means of treating advanced liver cancer.

In cases where it is not possible to surgically remove or ablate patients' liver tumours, SIR-Spheres microspheres can be used to deliver targeted, internal radiation therapy directly to the tumours.

This therapy is called Selective Internal Radiation Therapy, also known as SIRT. SIR-Spheres microspheres are microscopic radioactive particles that contain yttrium-90 (Y-90) and emit pure beta radiation.

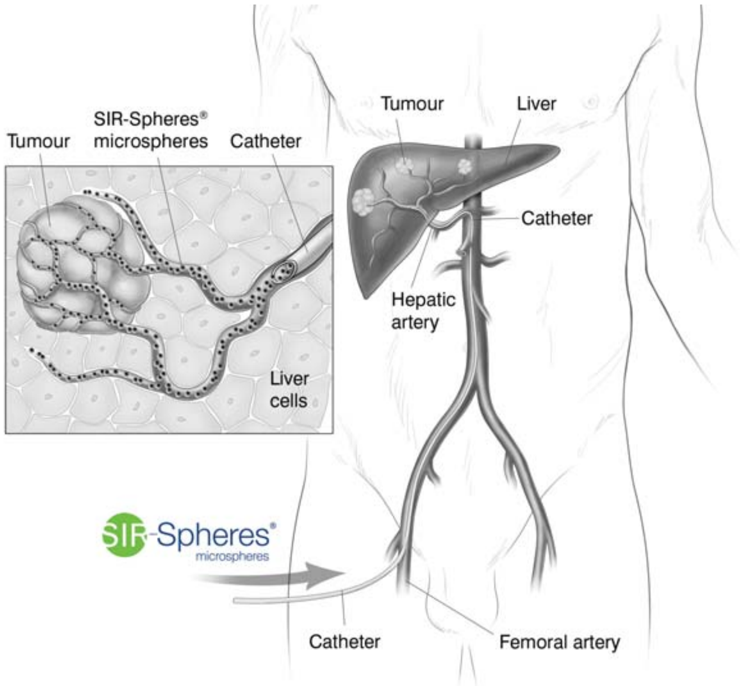
Each biocompatible sphere measures approximately 32 microns, the size of four red blood cells or one-third the diameter of a strand of human hair. SIRT is a minimally invasive procedure that takes approximately 60 minutes and is performed by a specially trained interventional radiologist.

The procedure involves the delivery of millions of SIR-Spheres microspheres directly to the site of the liver tumours. The microspheres are suspended in water and infused through a temporary micro-catheter placed in the femoral artery of the patient's upper thigh and guided through the hepatic artery to the site of the liver tumours.

Delivering the microspheres via the hepatic artery takes advantage of the structure of the liver and enables the radiation to be targeted to the cancerous tissue.

This is because healthy liver tissue receives most of its blood supply via the portal vein, while liver tumours are hypervascular and receive the overwhelming majority of their blood supply from the hepatic artery.

Accordingly, the SIR-Spheres microspheres lodge in the small blood vessels of the tumour, where they selectively destroy the tumour from inside over a period of time. The anti-cancer effect is concentrated in the liver while sparing the surrounding healthy tissue.



The targeted nature of SIRT enables doctors to deliver up to 40 times more radiation to the liver tumours than conventional radiotherapy, making it more effective in killing the cancer without seriously affecting the patient. Patients may receive SIRT on an outpatient basis or may stay overnight in hospital afterwards. SIRT is usually a single procedure, although repeat treatments are possible.

SIR-Spheres microspheres have proven to have positive results in the treatment of inoperable liver cancer for both HCC and CRC liver metastases when used either in combination with chemotherapy or alone (in patients for whom SIRT is suitable).

Patient responses have included a reduction in disease progression and increased patient survival rates, with some patients' liver cancer being down-staged to a point that enables resection or ablation.

Lifesaver: Professor Peter Gibbs of Royal Melbourne Hospital in Australia with patient Gordon Howgate who was successfully treated with SIR-Spheres microspheres.

The Reality of SIR-Spheres Microspheres

In Melbourne Australia, Gordon Howgate, 58, says he is feeling well and is ‘optimistic that soon all the tumours will be gone’.

He is one of the over 15,000 people worldwide with inoperable liver cancer who has been treated successfully with SIR-Spheres microspheres.

Mr Howgate’s doctor, Associate Professor Peter Gibbs, is a medical oncologist with The Royal Melbourne Hospital who has helped pioneer the therapy over the past few years wtih Sirtex.

Professor Gibbs was one of the first doctors to use SIR-Spheres microspheres seven years ago and has successfully treated over one hundred patients since the first procedure.

Many of those with inoperable liver cancer have a secondary cancer from bowel, breast or other organs that has spread to the liver. In the past decade there has been a significant increase in liver cancer in Australia. Prior to SIR-Spheres microspheres patients had few options available to them. Last year Mr Howgate was diagnosed with bowel cancer that had spread extensively to his liver.

‘I asked how long I had without treatment and was told three to six months,’ Mr Howgate said.

Following his treatment with SIR-Spheres microspheres and six months of chemotherapy, scans show his liver cancer has shrunk significantly and continues to do so. Professor Gibbs said that in his experience about five per cent of his patients treated with SIR-Spheres microspheres saw their tumours disappear, and in most others it was prolonging lives. Professor Gibbs is also the lead investigator for our SIRFLOX study underway worldwide.

Achievement Summary

We are investing to create the foundations for long-term success

40 countries
Sirtex has helped improve the quality of life for people in 40 countries.

16 clinical studies
We have invested in 16 important small and large clinical studies actively recruiting globally.

Over 15,000 people
Medical professionals worldwide have treated over 15,000 people with SIR-Spheres microspheres.

2,000 patients
Our investment in clinical studies involves over 2,000 patients and hundreds of independent medical professionals worldwide.

Key achievements in 2010

→ Major new studies launched in Europe and the Asia Pacific

→ Positive clinical results presented at the American Society of Clinical Oncology (ASCO)

→ Record dose sales

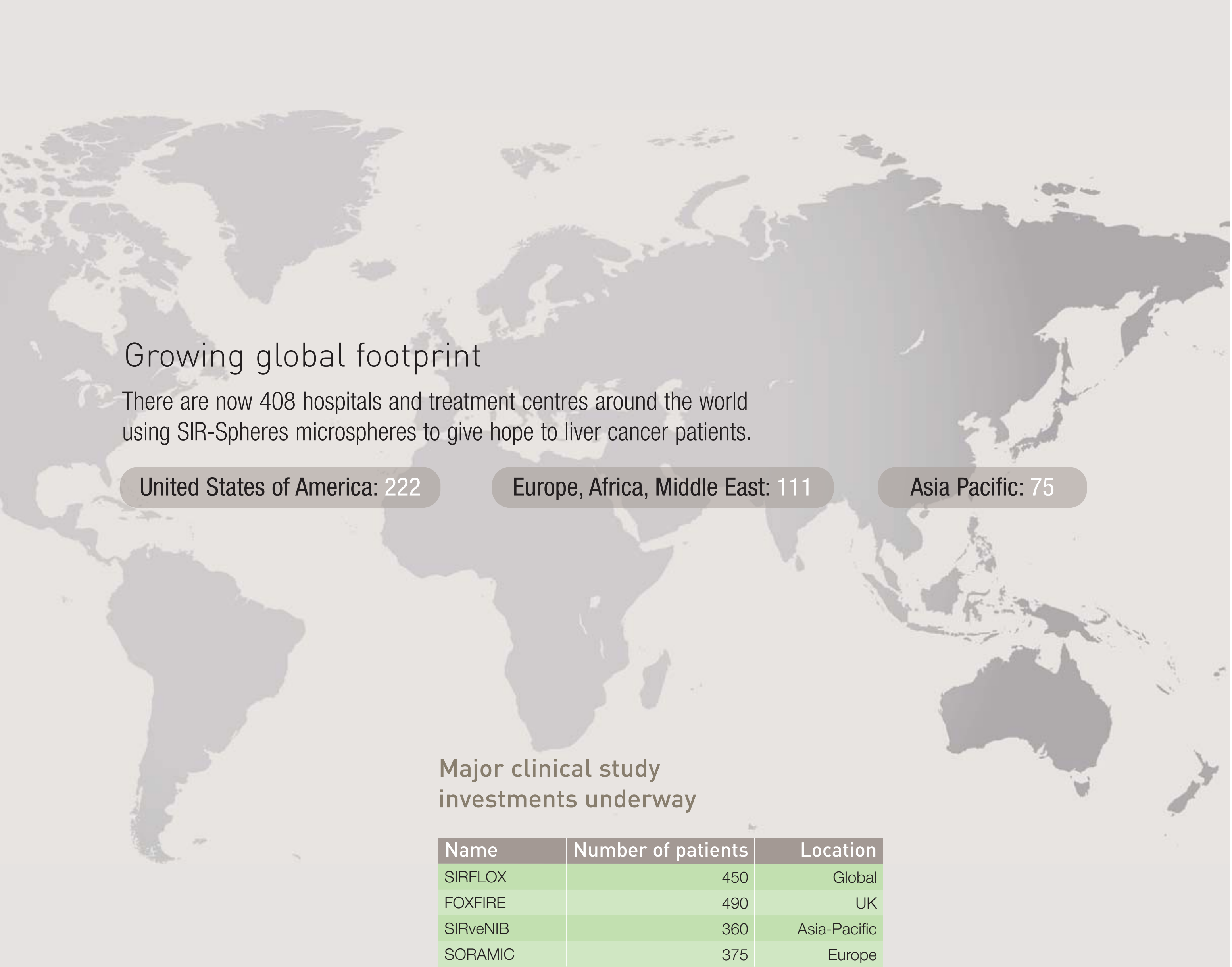
→ Clinical collaborations with Bayer Pharmaceuticals and Oxford University

→ New president of US operations

→ Commenced work to establish our new Singapore facility

10 years of solid growth and development

2000	2001	2002	2003	2004	2005
Sirtex Medical lists on the Australian Stock Exchange.	Company relocates from Perth to Sydney	US Food & Drug Administration approves SIR-Spheres microspheres	SIR-Spheres microspheres granted regulatory approval in Europe	SIR-Spheres microspheres granted full reimbursement in US	Gilman Wong appointed Chief Executive Officer



Growing global footprint

There are now 408 hospitals and treatment centres around the world using SIR-Spheres microspheres to give hope to liver cancer patients.

United States of America: 222

Europe, Africa, Middle East: 111

Asia Pacific: 75

Major clinical study investments underway

Name	Number of patients	Location
SIRFLOX	450	Global
FOXFIRE	490	UK
SIRveNIB	360	Asia-Pacific
SORAMIC	375	Europe

Global clinical program underpins our long-term growth

Our aim is to build the evidence needed to expand the use of SIR-Spheres microspheres to treat liver cancer at an early stage.

Our long-term growth is underpinned by our extensive clinical studies program around the world in collaboration with dozens of leading international experts in radiology, oncology and cancer therapies.

Some of these studies are small. Others are large and are conducted with other established global leaders like Bayer Pharmaceuticals and The University of Oxford in the quest to more effectively treat liver cancer.

Our combined efforts with our partners are building the evidence to confirm the efficacy and use of SIR-Spheres microspheres as the standard therapy for liver cancer and expand the indications for its use.

2006

Positive clinical data reported at the American Society for Clinical Oncology

2007

Start of SIRFLOX international clinical study

2008

New US manufacturing facility opens

Positive clinical data presented to the American Society for Clinical Oncology

2009

First shareholder dividend paid

Record earnings and dose sales

2010

New clinical studies in collaboration with Bayer Pharmaceuticals and Oxford University

Record dose sales in all geographic markets

Start of work on Singapore office facility

Chairman's Report

Despite challenging market conditions, we have reported an increase in sales of 14 per cent for the year and continued progress with our global growth strategy.

Financial performance and dividend

In the 2010 financial year, sales revenues were down 1.9 per cent to $64.3 million. Sirtex achieved a net profit before tax of $19.1 million, down 17.5 per cent on the prior year.

This result was in the context of significant economic uncertainty in our major markets of Europe and the US, extreme volatility in the foreign exchange markets and the continued strength of the Australian dollar against the Euro and US dollar in which we earn most of our revenue.

Earnings per share (EPS) was 28.8 cents compared to 32.7 cents last year. It is worth noting that EPS has grown at an average rate of 55 per cent over the past five years. Net tangible assets per share rose 33 per cent to 89.9 cents per share. Net cash provided by operating activities remained steady at $20.2 million over the period.

Despite the relatively flat result, our ongoing confidence that we will continue our record of strong growth has enabled the Board to pay a final fully franked dividend of 7 cents per share this year.

Strong position going forward

Not withstanding the uncertainties of the global economic environment, Sirtex remains in robust shape to continue to deliver on its global growth objectives. The evidence provided by our large clinical trial program combined with positive clinical outcomes for more and more patients point to a positive future for our main product and service. Sirtex retains a leadership position in a global market with few competitors.

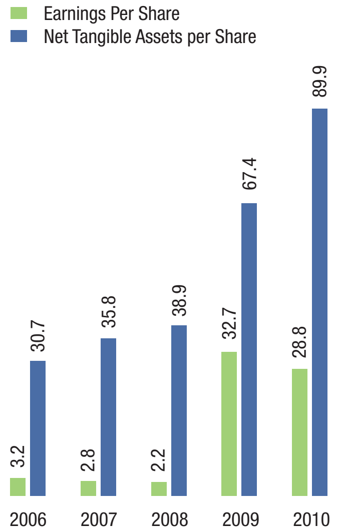
Long-term growth strategy

Sirtex takes a long-term view to its growth prospects. One way to measure our performance is the growth in sales of our main product, which has grown from 1,329 doses in 2006 to 4,171 in 2010. In addition, our share price has seen consistent growth from $2.32 at the end of financial year 2006 to $4.90 at the end of financial year 2010.

Our strategy remains focused on long-term sustainable growth through the expansion of our SIR-Spheres microspheres, investment in sales and marketing, clinical studies, expanded manufacturing capabilities and new product innovations. These investments will secure our ambitious long-term future growth and our research and development investment will help reduce the risk of being a single product company.

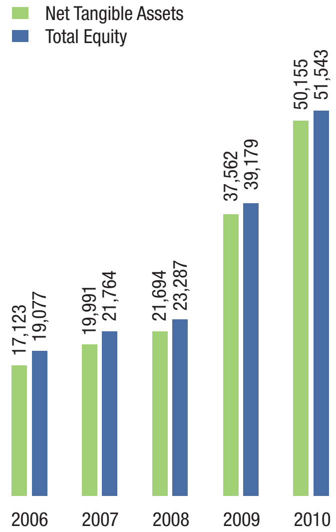
Earnings Per Share

Cents



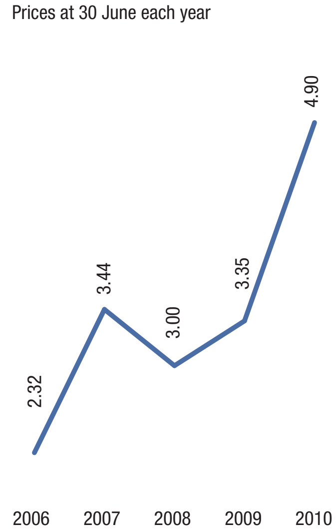
Net Tangible Assets

$'000



Share Price

$



Directors and executive management team

There were no changes to the Board during the year. Our US operations have been refocused with the appointment of Mr Michael Mangano as President of Sirtex Medical, Inc. Mr Mangano was a senior executive with global medical device company Boston Scientific Corporation. His focus is to increase sales of SIR-Spheres microspheres in the US market.

Board and management stability is a key strength of our business and a key contributor to helping us deal with the many complexities of operating in multiple and highly regulated global healthcare markets.

Our executive management team and their support staff made excellent progress on the execution of our long-term global growth strategy.

On behalf of the Board, I would like to thank our CEO Gilman Wong, his management team and all our employees around the world for their valued contribution and dedication. Our ongoing success reflects their passion, enthusiasm and hard work. We are all justifiably proud of Sirtex's good work and achievements to help give hope and improve the quality of life for liver cancer patients worldwide.

Outlook

It appears the new financial year will be categorised by more uncertainty in the global economic environment and our main markets.

We believe Sirtex is well positioned to continue its history of sustained and consistent growth and innovation supported by continued research and development and ongoing investments in market development initiatives.

Richard Hill
Chairman

Chief Executive Officer's Report

2010 was another successful year of growth for Sirtex in our quest to help doctors worldwide extend and improve the quality of life for people with liver cancer through the use of our unique technology.

Solid foundations for growth

Our core performance and business growth metric of dose sales remained strong with a rise of 14 per cent to 4,171 doses sold.

We are encouraged by the fact dose sales have grown at an average of 26 per cent each year for the past five years.

Our focus this year has been to implement the changes needed to ensure this continues, and we are confident solid and consistent growth will continue to be achieved over the long term.

Despite the continued economic uncertainty in global markets Sirtex delivered another year of growth in sales of our lead product.

Revenue for the full year was down 1.9 per cent from $65.3 million to $64.3 million.

Extreme volatility in foreign exchange markets, and sustained strength of the Australian dollar against a weakening Euro and US dollar were the main reasons for the flat number despite solid product sales. Net profit after tax (NPAT) was $16 million for the same reasons.

As with last year, Europe was our fastest growing region, with dose sales of 1,288 and revenue of $21.5 million up 31 per cent. In the US dose sales were 2,490, up 8 per cent to $40 million. Asia Pacific achieved dose sales of 393 and revenue of $2.8 million representing 5 per cent growth.

Our focus in the coming year will be to lift these numbers to even higher levels. It is worth remembering these sales represent less than one per cent of the addressable global market of people diagnosed worldwide each year with liver cancer.

I believe we are making excellent progress in all geographic markets and the senior personnel renewal this year to our US operations combined with the investment in our new Singapore manufacturing and marketing base will translate into higher sales over the next few years.

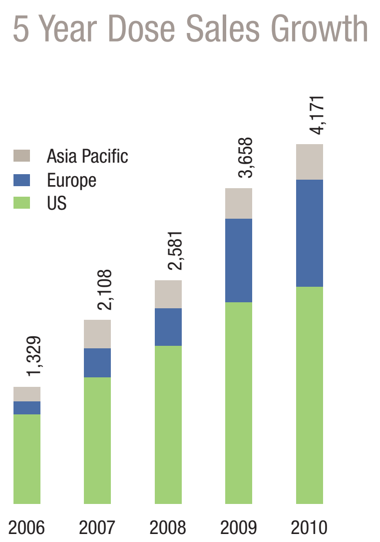
Strong cash position

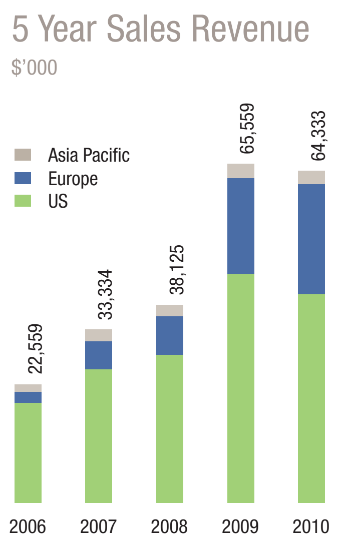
Importantly for shareholders, Sirtex remains debt free with cash on hand of $41.4 million compared with $26.5 million last year. Cash from operating activities remained steady at $20.2 million. Our confidence and performance saw the Board declare to pay a final year fully franked dividend of 7 cents per share on 14 October 2010 to shareholders registered at 5:00pm on 30 September 2010.

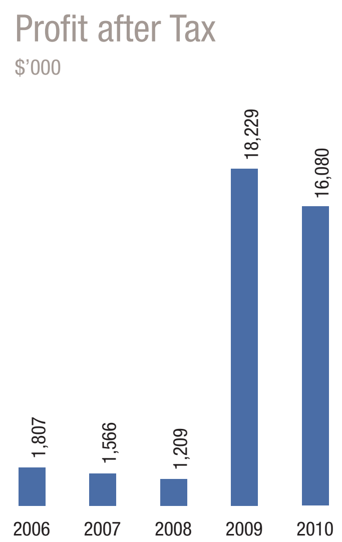
Clinical studies provide evidence for expanded use

Our extensive clinical program is focused on providing clinicians worldwide with the evidence that SIR-Spheres microspheres can be used as an early stage treatment. Our investment in this area is critical. The Company devoted $8.9 million dollars to clinical studies during the period which is consistent with our commitments over the past five years.

As we finished the 2010 financial year, we announced the start of yet another major international Phase III clinical study. This will directly compare the effectiveness of SIR-Spheres microspheres to treat inoperable liver cancer against the current accepted standard of care, chemotherapy drug Sorafenib which is marketed by Bayer HealthCare Pharmaceuticals, Germany.







This important study called SIRveNIB is carried out in collaboration with the Asia Pacific Hepatocellular Carcinoma Trials Group (AHCC) in Singapore, the National Cancer Centre Singapore, the National Medical Research Council in Singapore, the Singapore Clinical Research Institute and Singapore General Hospital.

Entering the 2011 financial year, recruitment is underway for a small but exciting new study to determine if SIR-Spheres microspheres is suitable for potential use to treat kidney cancer patients.

At the same time, our major FOXFIRE study in collaboration with The University of Oxford, Cancer Research UK and the Bobby Moore Fund for Cancer Research, is recruiting in several European hospitals and is actively assessing candidates. The study will establish if chemotherapy and SIR-Spheres microspheres is more effective than just chemotherapy in patients with colorectal cancer that has spread to the liver.

Another major study, SORAMIC, in collaboration with Bayer Healthcare of Germany is also recruiting to schedule. The study will assess the efficacy of Bayer's Nevexar combined with SIR-Spheres compared to just Nevexar to treat patients with inoperable liver cancer.

Technology pipeline development

Our long-term growth is underpinned by ongoing technology innovations and our investment in the important area of research and development was up again this year to $3 million or 5 per cent of revenue.

We have a very promising pipeline of technology in development and I am pleased to report we are on track to begin the first pre-clinical studies for our highly promising radioprotector technology. There is strong interest worldwide in this asset and the building blocks for long-term advances are in place.

Technological innovation is the cornerstone of our long-term growth strategy and we lead the world in terms of investment in future applications of our radioactive microspheres technology.

Sustaining growth requires that we stay at the forefront of innovation worldwide. To this end we have a range of active multi-disciplinary collaborations and research programs with other leaders in the field. Our goal is to rapidly improve and expand the potential use of our current platform.

Our partnerships with several leading universities give us strengths across a range of relevant disciplines and create the synergies to expand our knowledge base.

Each year we increase our investment in this area to ensure we stay at the forefront of technology innovations in our field worldwide.

We are currently involved in several major collaborative research projects with leading universities and research centres in Europe, Asia, Australia and the US. These programs are focused on the three main areas of development we have identified as the most promising ways to evolve our increasingly valuable technology platform. These are:

Radioprotector Technology – Together with the respected Peter MacCallum Cancer Centre in Melbourne, this year we moved closer to the first clinical tests of a highly unique compound that is designed to protect healthy tissue from the harmful effects of exposure to radiation in patients undergoing radiotherapy treatment for cancer.

Microsphere technologies – Work is progressing in partnership with several leading universities to develop and test a range of promising microsphere technologies including microspheres for targeted hyperthermia and some novel concepts that could potentially be incorporated in the next generation of SIR-Spheres product.

Nano particle developments – We are making good progress in pre-clinical studies with our collaborating partners at the Australian National University in Canberra and The University of Sydney to develop novel new nano particle technologies for the detection and targeted treatment of cancer. These new technologies will be applicable to a range of types of cancer, not just liver cancer.

All of this work is important and we continued to expand and grow our capabilities throughout the year.

Manufacturing and operations

Our current manufacturing operations in the US and Australia give us a long-term sustainable advantage to deliver large volumes of our product at the highest possible quality and standards in a timely manner.

The doors to our new Singapore office are planned to open in the first quarter of 2011 and we expect the manufacturing facility to be certified and operating by mid-2011. This is a major investment that will help us meet the anticipated strong growth in demand for our products.

Our operations strategy is focused on using the best manufacturing practices and capabilities available. We are committed to maintaining the highest levels of quality and all of our systems comply with all applicable regulatory requirements in every market in which we operate.

Quality assurance and regulatory approvals

Sirtex is committed to the highest levels of quality and we have a robust integrated global quality management system in place to ensure the highest level of quality of our core products and services. Our systems comply with the stringent applicable regulatory requirements in place in all the markets in which we operate worldwide. Sirtex has all the necessary regulatory licences and approvals to enable the marketing and sale of its product in the countries in which we operate. We have an active and ongoing program to seek approvals in new jurisdictions where there is interest and demand for SIR-Spheres microspheres.

Organisational capabilities

We have a dedicated and engaged team who are fundamental to our success. As we continue to rapidly grow our business, a large part of our focus is directed at strengthening our internal capabilities and developing an environment that attracts and retains the best people in every market in which we operate.

Another positive characteristic is our very low staff turnover rate. The coming year will see Sirtex expand its employee numbers by 40 per cent to support our growth. We will strengthen our sales, marketing and clinical support teams in Asia, Europe and the US. Our workforce reflects our diversity of operations around the world.

To this end, we have invested in programs to build the process management systems and capabilities needed to underpin our future growth. We are committed to maintaining the highest levels of health and safety for all of our employees, especially the nature of our product and business activities. Full occupation health and safety training is provided for all employees and excellent progress has been made in all of these areas.

2011 outlook

The dedication and commitment of all who work with Sirtex are the key to our success. Their efforts are equally matched by the commitment of the medical professionals worldwide who use our product to treat patients.

Together we are transforming and improving the way liver cancer can be treated, helping bring hope and quality of life to patients and their families. The continued good results we achieve together will underpin the creation of significant value for shareholders over many decades.

Gilman Wong
Chief Executive Officer

August 2010

Corporate Governance Statement

The Board of Directors of Sirtex Medical Limited is responsible for the corporate governance of the Group and guides and monitors the business and affairs of Sirtex Medical Limited on behalf of its shareholders.

Sirtex Medical Limited is committed to ensuring that its policies and practices reflect good corporate governance. In developing these policies and practices, the Board has taken into account the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations'. The Council, however, states that these recommendations are not prescriptive; they are guidelines. If a company decides not to adopt a specific recommendation it has the flexibility not to do so providing it explains the reason for not adopting the recommendation.

The Company has structured its Corporate Governance Statement with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1	Lay solid foundation for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Sirtex Medical Limited corporate governance practices were in place throughout the year ended 30 June 2010 and, with the exception of the recommendation regarding the establishment of a Nomination Committee, were compliant in all material respects with the Council's recommendations. The reason for not establishing this committee is explained below at the end of the section headed Board Functions.

For further information on corporate governance policies adopted by Sirtex Medical Limited, refer to the company website: www.sirtex.com

Board functions

The Board's prime responsibility is to oversee Sirtex's business activities for the benefit of all its shareholders. The Board's responsibilities are detailed on the Company's website in the 'Corporate Governance' web pages.

The Board also recognises that the Company has other corporate and community responsibilities.

The Board has delegated certain responsibilities for the management of operations and administration of the Company to the CEO and the executive management. The Chief Executive Officer is accountable to the Board for all delegated authority to executive management. The responsibilities of management are detailed on the Company's website in the 'Corporate Governance' web pages.

The Board recognises that at all times it retains full responsibility for guiding and monitoring the Company. In discharging this stewardship the Board makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board. To this end the board has established the following committees:

- Remuneration
- Audit

The roles and responsibilities of these committees are discussed later in this statement. Further detail can be found on the Company's website in the 'Corporate Governance' web pages.

As previously mentioned, the Board does not have a Nomination Committee (recommendation 2.4). The charter of the Nomination Committee has been incorporated into the Board Charter. The Sirtex Board believes that as it is not large (four directors), a formal Nomination Committee would not provide any marked efficiencies or enhancements. The charter of the nomination committee has been included into the board charter and as such the Board considers all matters that would be relevant regarding Board appointments. For further information refer to the Company's website in the 'Corporate Governance' web pages.

Structure of the Board

The skill, experience and expertise relevant to the position of Director, held by each Director in office at the date of this report, are included in the Directors' Report under the section headed Directors.

All three Non-Executive Directors of Sirtex Medical Ltd are considered to be independent with reference to the Company's independence criteria as contained on the Company's website in the 'Corporate Governance' web pages. These independent Directors are:

Name	Position
Richard Hill	Non-Executive Chairman
John Eady	Non-Executive Deputy Chairman
Grant Boyce	Non-Executive Director

The Board has procedures to permit Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense. For further information refer to the Company's website in the 'Corporate Governance' web pages. The term in office of each Director at the date of this report is as follows:

Name	Term
Richard Hill	6 Years
John Eady	5 Years
Grant Boyce	8 Years
Gilman Wong	5 Years

CEO and CFO Certification

The Chief Executive Officer and Chief Financial Officer have provided a written certification to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with the relevant accounting standards and;
- The above statement is founded on a sound system of risk management and internal controls are operating efficiently and effectively in all material respects

Performance

Policies and procedures in place with respect to monitoring the performance of the Directors and Senior Executives are set out in the Directors' Report under the section headed 'Remuneration Report'. The performance evaluation process has been completed for all Directors and Senior Executives within the last twelve months, in line with Company policy.

Remuneration Committee

The Remuneration Committee operates under a charter approved by the Board. The charter can be viewed on the company website. It augments the work of the Board through the development and monitoring of the Company's remuneration policies and processes and the through the provision of feedback to the Board and recommendations for action.

The Committee reviews the remuneration of the Non-Executive Directors, Executive Directors and key Executives by reference to independent data, external professional advice and the requirements to retain high-quality management. Refer to the Directors' Report for details of performance evaluation, remuneration policy and the value of remuneration (both monetary and non-monetary) paid to each Director and Key Executive during the year.

There is no scheme to provide retirement benefits, other than superannuation, for Non-Executive Directors.

The members of the Remuneration Committee are all independent Non-Executive Directors. During the year the members were John Eady (Chairman), Richard Hill and Grant Boyce.

Details of the number of meetings held during the year and the number of meetings attended by each member during the year are contained in the Directors' Report.

Audit Committee

The Audit committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group. This includes ensuring that there are internal controls to deal with both effectiveness and efficiency of significant business processes, safeguarding of assets, the maintenance of proper accounting records and the reliability of the financial information as well as non-financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and the ethical standards for the management of the consolidated entity to the Audit Committee.

The Audit Committee also provides the Board with additional assurances regarding the reliability of the financial information for inclusion in the financial report. All members of the Audit Committee are independent Non-Executive Directors. The members of the audit committee during the year were Grant Boyce (Chairman), Richard Hill and John Eady. The qualifications of the members of the Audit Committee are contained in the Directors' Report. In addition the Directors' Report sets out the number of meetings attended by each member.

The Audit Committee is also responsible for nomination of the external auditors and for reviewing the adequacy of the scope and quality of the annual statutory audit and half-year statutory review. The Audit Committees charter can be found on the Company's website in the 'Corporate Governance' web pages.

Risk Management

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board has delegated monitoring risk management performance to the Audit Committee and its operation has been delegated to Sirtex's Executive Management. Employees are required to be conversant with the Company's risk management policies, standard operational procedures associated with risk management and their employment, and to actively participate in risk management matters.

The Board and Executive Management continue to identify and monitor the general areas of risk including:-

- Economic outlook
- Political policy regarding healthcare and reimbursement
- Competitor products / research and development programs
- Market demand and prices, including supplies
- Legal proceedings commenced against the company (if any)
- Environmental regulations
- Ethical issues including those relating to pharmaceutical research and development
- Other government regulation including those specifically relating to the biotechnology and heath industries
- Occupational health and safety and equal opportunity laws
- Information technology

To this end, comprehensive practices are in place that are directed towards achieving the following objectives

- Effective and efficient use of the Company's resources
- Compliance with applicable laws and regulations
- Preparation of reliable published financial information

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Annually, management is required and has provided to the Board a report assessing the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

Financial Report

For The Year Ended 30 June 2010

Sirtex Medical Ltd
Consolidated Entity
ABN 35 078 166 122

Directors' Report

The directors of Sirtex Medical Ltd present their report, together with the financial statements of the Group for the year ended 30 June 2010.

Directors

The directors of Sirtex Medical Ltd during the financial year and until the date of this report are Mr R Hill, Dr J Eady, Mr G Boyce, and Mr G Wong. Details of the directors, including their skills, experience, and expertise, are set out below.

Richard Hill – Chairman
BA, LLB (Sydney), LLM (London)

Experience and Expertise
Mr Hill was appointed a director in September 2004 and Chairman in August 2006. He previously held senior executive positions with HSBC Investment Bank in Hong Kong and New York and has extensive experience in international M&A and capital raising. He is a founding partner of Hill Young & Associates corporate advisory firm. He is also an attorney of the New York State Bar.

Other Current Directorships in Listed Companies
Calliden Group Limited – Chairman
Biota Holdings Limited
Pelorus Property Group Limited

Special Responsibilities
Member of the Audit Committee and the Remuneration Committee

Interest in Shares and Options
Nil

Dr John Eady –
Non-executive director,
Deputy Chairman
BSc (Hons), PhD, FTSE

Experience and Expertise
Dr Eady was appointed a director in March 2005. He spent most of his career with CRA Limited in a range of senior executive positions. He has broad Board experience including that with the Australian Federal Government's Industry, Research and Development Board. Dr Eady is a Fellow of the Academy of Technological Sciences and Engineering. He consults extensively on business improvement in Asia & North America.

Former Directorships in Listed Companies in the past 3 years
Frigrite Limited

Special Responsibilities
Chairman of the Remuneration Committee and Member of the Audit Committee

Interest in Shares and Options
Nil

Grant Boyce –
Non-executive director
CA, BCom

Experience and Expertise
Mr Boyce was appointed a director in December 2002. He is a Chartered Accountant and the founder of Montrose Partners, a West Australian firm of chartered accountants. He was a partner with Ernst & Young and worked in their Perth and New York offices. He has also served previously as Company Secretary for Sirtex.

Other Current Directorships in Listed Companies
Nil

Special Responsibilities
Chairman of the Audit Committee and Member of the Remuneration Committee

Interest in Shares and Options
5,000 ordinary shares in Sirtex Medical Limited

Gilman Wong –
Executive Director and
Chief Executive Officer

Experience and Expertise
Mr Wong was appointed Chief Executive Officer in May 2005 and director in June 2005. Mr Wong previously held CEO and senior executive positions in the commercial and industry sector including 10 years with Email Limited. He has a strong planning and sales and marketing background.

Other Current Directorships in Listed Companies
Nil

Interest in Shares and Options
Nil

Company Secretary

Darren Smith – Company Secretary and Chief Financial Officer
MBA, BBus, CPA

Experience and Expertise

Mr Smith was appointed company secretary in July 2008 and Chief Financial Officer in February 2009 (previously interim CFO). Mr Smith previously held CFO and senior executive finance and general management positions in a number of international, Australian listed and private companies. He has significant experience in a range of commercial environments including FMCG, services and manufacturing industries.

Interest in Shares and Options

15,000 ordinary shares in Sirtex Medical Limited

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year are:

	Board of Directors		Remuneration Committee		Audit Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
R Hill (Chairman)	13	13	8	8	5	5
Dr J Eady	13	13	8	8	5	5
G Boyce	13	13	8	8	5	5
G Wong	13	13	–	–	–	–

Principal activities

Sirtex Medical Ltd and its controlled entities form a biotechnology and medical device company whose primary objective is to manufacture and to distribute effective liver cancer treatments utilising small particle technology to approved markets in Asia-Pacific, Europe and the United States of America.

Review of operations

Revenue from the sale of goods for the year ended 30 June 2010 was $64,333,000, representing a decline of 2% from last year's $65,559,000. This decline is entirely due to the unfavourable impact from the strengthening of the Australian dollar against the US dollar and the Euro during the financial year. From 30 June 2009 to 30 June 2010, the Australian dollar appreciated by more than 20% against the US dollar resulting in lower revenue from sales in the US and in Europe when converted into Australian dollars.

Volume growth could only partially offset the negative currency impact. Dose sales grew by 14% over last year, with all regional markets contributing to the volume growth. The key market, the US, representing approximately 63% of total dose sales, achieved growth of 8.4%, selling 2,490 doses. Europe had another outstanding year with 30.8% growth selling 1,288 doses. Asia Pacific achieved approximately 4.8% growth with promising opportunities as the business continues to develop new markets within Asia Pacific.

Gross margin improved to 83.7% for the year ended 30 June 2010 compared to 80.7% for last financial year. This is partly due to the benefit from the full year operation of our manufacturing facility in Wilmington, USA that was commissioned in February 2008. Profit after tax for the year ended 30 June 2010 was $16,079,891 compared to last year $18,229,000.

Dividends

An ordinary dividend of 2 cents per share and a special dividend of 5 cents per share have been declared and paid during the year ended 30 June 2010 for the financial year ended 30 June 2009. An ordinary dividend of 7 cents per share has been declared for the financial year ended 30 June 2010 with a record date 30 September 2010 and a payment date 14 October 2010.

Significant changes in state of affairs

During the financial year there were no significant changes in the state of affairs of the Consolidated Entity other than that referred to in the financial statements or notes thereto.

Future developments, prospects and business strategies

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

Environmental regulations

The operations are not subject to significant environmental regulation under the law of the Commonwealth or State.

Share options

Share options granted to key management personnel

There were no share options granted during or since the end of the financial year.

Share options on issue at year end or exercised during the year

During the year ended 30 June 2010, there were no ordinary shares of Sirtex Medical Ltd issued on the exercise of options. No share options have been issued during the year, and no share options are outstanding at 30 June 2010.

Directors' interests

The relevant interest of each director in the share capital of the Company, as notified by the directors to the ASX in accordance with section 205G(1) of the *Corporations Act 2001*, at the date of this Report is as follows:

	2010	2010	2009	2009
	Ordinary Shares	Share Options	Ordinary Shares	Share Options
R Hill	–	–	–	–
Dr J Eady	–	–	–	–
G Boyce	5,000	–	5,000	–
G Wong	–	–	–	–

Indemnification of officers and auditors

During or since the financial year, the Company has paid premiums to insure each of the directors of the Group against liabilities incurred by them arising out of their conduct while acting in the capacity of director, subject to certain terms and conditions. The insurance policy prohibits disclosure of the value of the premium.

During or since the financial year, the Company has also agreed to continue to indemnify the directors of the Group against certain liabilities incurred by them arising out of their conduct while acting in the capacity of director, subject to certain terms and conditions, and to the applicable requirements of the *Corporations Act 2001*.

Events after balance date

The legal proceedings in relation to UWA were concluded in July 2010 with the receipt of a final payment for settlement of legal costs of $2,575,186. A final dividend of 7 cents per ordinary shares has been declared for the year ended 30 June 2010.

No other matter or circumstance has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year except for those mentioned in Note 24.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that their services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of ethics for Professional Accountants set out by the Accounting Profession Ethical Standards Board.

There were no non-audit services performed during the year.

A total of $91,000 has been paid as remuneration of the auditor of the parent entity and a total of $46,000 has been paid as remuneration of the auditors of subsidiaries for audit and review of financial reports during the year.

Auditor’s independence declaration

The auditor’s independence declaration for the year ended 30 June 2010 has been received and can be found on page 21 of the financial report and forms part of the Directors’ Report.

Rounding off of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors’ Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Remuneration report

This report details the Company’s approach to remuneration and steps that it has taken to ensure that the structure and levels of remuneration meet strict governance standards and are appropriate to facilitate its future growth.

Remuneration policy

The Board’s policy for determining the nature and amount of remuneration for board members and other key management staff of the Consolidated Entity is as follows:

- The remuneration policy, including setting the terms and conditions for non-executive directors, the executive director, other key management and staff is developed by the Remuneration Committee after reviewing extensive market data and seeking professional advice from independent external consultants. It is approved by the Board prior to implementation.
- All staff receive a base salary (where the level is based on factors such as role and experience), superannuation and are eligible for fringe benefits. Senior staff can receive performance incentives.

The Remuneration Committee comprises the three non-executive directors but invites executives and remuneration and industry experts to provide input or attend meetings as necessary.

The Committee recommends payments to the non-executive directors, CEO and other key management staff and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought. Board policy is to remunerate all staff at market rates for comparable companies for time, commitment and responsibilities. The objective is to attract the highest calibre of key management executives and reward them for performance that results in long-term growth in stakeholder value.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

The performance of the CEO and non-executive directors is measured at least annually against criteria that are determined by the Board. These criteria detail expectations and reflect short and long-term goals and shareholder and other stakeholder interests. The performance of other key management staff is measured against criteria agreed at least annually, directly with the CEO or through him for his direct reports. These criteria reflect current strategic initiatives and goals.

The Board strives to recruit the most appropriately qualified staff for all positions within the Company, including directors. Accordingly, the Company employs a diverse mix of staff, both in terms of gender and background.

Performance based remuneration

As part of the CEO’s and other key management staff’s remuneration package, there is a performance-based component reflecting agreed key performance indicators (KPIs). The intention is to reward these executives for excellent performance and facilitate goal congruence with that of the business and stakeholders. The KPIs are specifically tailored to the accountabilities of each key executive. They cover areas the Board believes hold greater potential for group expansion and profit. The target set for each KPI is based on budgeted figures for the group and respective industry standards. Performance in relation to the KPIs is monitored monthly by the Board and assessed in the context of external environment and other factors, with bonuses being awarded depending on how well targets have been achieved in the particular situation.

The Board may, however, exercise its discretion in relation to approving incentives and can recommend changes to the committee’s recommendations. The policy is designed to attract the highest calibre of key management executives and reward them for performance that results in long-term growth in stakeholder value.

Relationship between remuneration policy and company performance

The remuneration policy is designed to align director and other staff objectives with those of shareholders and other stakeholders.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. Analysis of the actual figures shows a significant increase in profits over the five year period. The Board is of the opinion that these results can be attributed, in part, to the Company's remuneration policy and is pleased to see the overall upwards trend in shareholder wealth over the past five years.

	2006	2007	2008	2009	2010
	$	$	$	$	$
Revenue	22.6m	33.3m	38.1m	65.6m	64.3m
Profit after tax	1.8m	1.6m	1.2m	18.2m	16.1m
Share price at year end	2.32	3.44	3.00	3.35	4.90
Dividends paid	0.00	0.00	0.00	0.00	0.07

Remuneration audit

In order to ensure that Sirtex Medical Ltd maintains a remuneration policy that is appropriate and effective in its ability to attract and retain capable staff and is consistent with best practice standards, the Remuneration Committee and Board engaged an independent remuneration consultant (Godfrey Remuneration Group Pty Limited) to review current policies, audit existing remuneration levels and recommend areas for improvement. The review concluded that the Company's remuneration practices were well-founded if not conservative. It recommended adjustments to several senior executive salary levels, minor modifications to the short-term incentive scheme and the introduction of a long-term incentive plan.

The Remuneration Committee and Board intend to implement the Godfrey recommendations over the coming year.

Key management personnel remuneration details

The following table provides the remuneration details of key management personnel of the Group.

		Short-term			Post-employment					
		Salary & fees $	Bonus $	Non-monetary $	Super-annuation $	Other Benefits $	Equity $	Other Long Term $	Total $	Performance related %
Non-executive Directors										
R Hill	2010	119,600	–	–	–	–	–	–	119,600	–
	2009	119,600	–	–	–	–	–	–	119,600	–
Dr J Eady	2010	62,495	–	–	5,625	–	–	–	68,120	–
	2009	15,624	–	–	52,496	–	–	–	68,120	–
G Boyce	2010	62,400	–	–	–	–	–	–	62,400	–
	2009	62,400	–	–	–	–	–	–	62,400	–
Subtotal	**2010**	**244,495**	**–**	**–**	**5,625**	**–**	**–**	**–**	**250,120**	
	2009	**197,624**	**–**	**–**	**52,496**	**–**	**–**	**–**	**250,120**	
Other key management personnel										
G Wong	2010	401,539	104,000	–	14,461	–	–	–	520,000	20
	2009	402,255	104,000	–	13,745	–	–	–	520,000	20
D Cade	2010	213,393	34,178	–	14,461	–	–	–	262,032	13
	2009	214,109	72,797	–	13,745	–	–	–	300,651	24
J Reddington (1)	2010	271,016	–	15,212	–	–	–	–	286,228	–
	2009	362,124	81,342	26,061	–	–	–	–	469,527	17
M Mangano (2)	2010	173,287	135,330	16,069	–	–	–	–	324,686	42
	2009	–	–	–	–	–	–	–	–	–
N Lange	2010	302,704	45,406	134,944	–	–	–	–	483,054	9
	2009	364,308	161,759	176,822	–	–	–	–	702,889	23
A Axisa (3)	2010	–	–	–	–	–	–	–	–	–
	2009	233,596	–	–	3,120	–	–	–	236,716	–
D Smith	2010	245,539	39,000	–	14,461	–	–	–	299,000	13
	2009	276,485	83,727	–	4,582	–	–	–	364,794	23
M Van den Berg	2010	212,349	27,217	–	14,461	–	–	–	254,027	11
	2009	212,975	50,683	–	13,745	–	–	–	277,403	18
D Turner	2010	367,755	44,131	–	–	–	–	–	411,886	11
	2009	474,060	–	–	–	–	–	–	474,060	–
Subtotal	**2010**	**2,187,582**	**429,262**	**166,225**	**57,844**	**–**	**–**	**–**	**2,840,913**	**15**
	2009	**2,539,912**	**554,308**	**202,883**	**48,938**	**–**	**–**	**–**	**3,346,041**	**17**
Total	**2010**	**2,432,077**	**429,262**	**166,225**	**63,469**	**–**	**–**	**–**	**3,091,033**	**14**
	2009	**2,737,536**	**554,308**	**202,883**	**101,434**	**–**	**–**	**–**	**3,596,161**	**15**

(1) J Reddington ceased to be an employee of the Group on 31 December 2009. The salary paid to him during the year ended 30 June 2010 included a termination payment of $75,000.

(2) M Mangano became an employee of the Group on 1 January 2010.

(3) A Axisa ceased to be an employee of the Group on 25 February 2009. The salary paid to her during the year ended 30 June 2009 included a termination payment of $183,000.

Employment details of members of key management personnel

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group.

Name of Key Management Personnel	Position held at 30 June 2010	Contract duration	Contract termination by company	Participation in Executive Bonus Plan
G Wong	Chief Executive Officer	No fixed term	6 months [1]	Yes
D Smith	Chief Financial Officer	No fixed term	1 month	Yes
D Cade	Chief Medical Officer	No fixed term	1 month	Yes
M Van den Berg	Head of Asia Pacific Region	No fixed term	1 month	Yes
M Mangano	President US	No fixed term	nil [2]	Yes
N Lange	CEO Europe	No fixed term	1 month	Yes
D Turner	Head of Global Marketing	No fixed term	3 months	Yes

(1) 3 months, if terminated by employee.

(2) 12 months in case of change of ownership or change of control.

Performance conditions linked to remuneration

G Wong's remuneration has the following performance based elements:

Annual Bonus available up to 25% of base salary made up of 10% on achieving total company budget profit, 5% on achieving North American budgeted profit, 5% on achieving European budgeted profit, and 5% on achieving Rest of World budgeted profit.

Up to further 15% of base salary at the discretion of the Board.

No other directors' remuneration includes performance based elements.

Other key management personnel remuneration includes a performance-based element based on KPIs' of the Group and of the regions.

The Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors

Gilman Wong
Director

26 August 2010

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Auditor's Independence Declaration
To the Directors of Sirtex Medical Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Sirtex Medical Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Director - Audit & Assurance

Sydney, 26 August 2010

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 26 to 53, are in accordance with the *Corporations Act 2001* and:

   a. comply with International Financial Reporting Standards; and

   b. give a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date.

2. The Chief Executive Officer and Chief Finance Officer have each declared that

   a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b) the financial statements and notes for the financial year comply with International Financial Reporting Standards and;

   c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Gilman Wong
Director

26 August 2010

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Independent Auditor's Report
To the Members of Sirtex Medical Limited

Report on the financial statements

We have audited the accompanying financial statements of Sirtex Medical Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in the notes to the financial statements, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial statements, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Grant Thornton

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a The financial statements of Sirtex Medical Limited are in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b The financial statements also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Grant Thornton

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Sirtex Medical Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Director – Audit & Assurance

Sydney, 26 August 2010

Statement of Comprehensive Income

for the year ended 30 June 2010

			Consolidated	
		Note	2010 $'000	2009 $'000
Revenue from the sales of goods		2(a)	64,333	65,559
Cost of sales			(10,826)	(12,606)
Gross profit			**53,507**	**52,953**
Other revenue		2(b)	7,756	1,334
Other income		2(c)	–	6,994
Marketing expenses			(21,770)	(19,342)
Research expenses			(3,062)	(2,889)
Regulatory expenses			(244)	(189)
Quality assurance expenses			(384)	(438)
Clinical trial expenses			(8,867)	(6,005)
Administration expenses			(6,330)	(8,211)
Other expenses			(1,503)	(1,055)
Profit before income tax			**19,103**	**23,152**
Income tax expense		4	(3,023)	(4,923)
Profit for the year			**16,080**	**18,229**
Other comprehensive income			162	(2,337)
Total comprehensive income for the year attributable to members of the parent entity			**16,242**	**15,892**
			Cents	Cents
Earnings Per Share	– Basic (earnings per share)	19	28.8	32.7
	– Diluted (earnings per share)	19	28.8	32.7
Dividends per share			7.0	–

The financial statements should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
Current Assets			
Cash and cash equivalents	5(a)	41,421	26,521
Trade and other receivables	6	15,209	12,438
Inventories	7	957	1,399
Financial assets	8	379	230
Other current assets	9	470	582
Current tax assets	10(a)	172	460
Total – Current Assets		**58,608**	**41,630**
Non-current Assets			
Property, plant and equipment	11	4,331	3,512
Intangible assets	12	1,388	1,617
Deferred tax assets	10(b)	2,333	3,164
Total – Non-current Assets		**8,052**	**8,293**
Total Assets		**66,660**	**49,923**
Liabilities			
Current liabilities			
Trade and other payables	13	8,869	5,791
Current tax liabilities	14(a)	3,517	2,110
Short-term provisions	15(a)	2,268	1,605
Interest-bearing loans	16	–	64
Total – Current Liabilities		**14,654**	**9,570**
Non-current Liabilities			
Long-term provisions	15(b)	255	185
Deferred tax liabilities	14(b)	208	989
Total – Non-current Liabilities		**463**	**1,174**
Total Liabilities		**15,117**	**10,744**
Net Assets		**51,543**	**39,179**
Equity			
Issued capital	17	23,521	23,521
Reserves	18	(719)	(882)
Retained earnings		28,741	16,540
Total – Equity		**51,543**	**39,179**

The financial statements should be read in conjunction with the accompanying notes.

Statement of changes in equity

for the year ended 30 June 2010

	Ordinary Shares $'000	Option Reserve $'000	FC Translation Reserve $'000	Retained Profits $'000	Total $'000
Consolidated Entity					
Balance at 1 July 2008	**23,521**	**557**	**1,455**	**(2,246)**	**23,287**
Foreign currency translation reserve	–	–	(2,337)	–	(2,337)
Profit attributable to members of parent entity	–	–	–	18,229	18,229
Total comprehensive income for the year attributable to the members of parent entity	**–**	**–**	**(2,337)**	**18,229**	**15,892**
Transfer from option reserve to retained profits	–	(557)	–	557	–
Dividends paid or provided for	–	–	–	–	–
Balance at 30 June 2009	**23,521**	**–**	**(882)**	**16,540**	**39,179**
Foreign currency translation reserve	–	–	162	–	162
Profit attributable to members of parent entity	–	–	–	16,080	16,080
Total comprehensive income for the year attributable to the members of parent entity	**–**	**–**	**162**	**16,080**	**16,242**
Dividends paid or provided for	–	–	–	(3,878)	(3,878)
Balance at 30 June 2010	**23,521**	**–**	**(720)**	**28,741**	**51,543**

The financial statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'000
Cash Flows From Operating Activities			
Receipts from customers		64,064	62,557
Payments to suppliers and employees		(47,714)	(42,664)
Receipts from government grants		171	248
Receipts from license fees		183	113
Recovery of legal fees		3,000	–
Interest received		1,468	450
Interest paid		(1)	(9)
Net income tax paid		(940)	(555)
Net cash provided by operating activities	**5(b)**	**20,231**	**20,140**
Cash Flows From Investing Activities			
Purchase of plant and equipment		(1,384)	(604)
Net cash used in investing activities		**(1,384)**	**(604)**
Cash Flows From Financing Activities			
Proceeds from short-term borrowings		–	96
Repayment of short-term borrowings		(65)	(32)
Payment of dividends		(3,882)	–
Net cash (used in) / provided by financing activities		**(3,947)**	**64**
Net increase in cash held		**14,900**	**19,600**
Cash and cash equivalents at the beginning of financial year		**26,521**	**6,921**
Cash and cash equivalents at the end of financial year	**5(a)**	**41,421**	**26,521**

The financial statements should be read in conjunction with the accompanying notes.

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The report includes the consolidated financial statements and notes of Sirtex Medical Ltd and controlled entities.

Compliance with Australian Accounting Standards ensures that the financial report of Sirtex Medical Ltd complies with International Financial Reporting Standards (IFRS) in their entirety. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements were authorised for issue by the directors on 26 August 2010.

This financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of consolidation

A controlled entity is any entity Sirtex Medical Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 26 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. All revenue is stated net of the amount of GST.

Revenue from the sale of goods is recognised upon the delivery of goods to customers, since this is the date of significant transfers of risks and reward of ownership of goods and cessation of an involvement in those goods.

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

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Grants relating to assets are credited to deferred income at amortised fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(e) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(f) Intangibles

Intellectual property

The fair value of intellectual property contributed by an outside equity interest holder to Sirtex Medical Ltd, has been capitalised and recorded at fair value at the time of the contribution. The asset will be amortised on a straight-line basis over a period of 20 years.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

(g) Plant and equipment

All assets acquired, including plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition, being fair value of the consideration provided plus incidental costs directly attributable to the acquisition and depreciation or amortisation as outlined below.

The cost of plant and equipment constructed by the Consolidated Entity includes the cost of material and direct labour, an appropriate proportion of fixed and variable overheads and capitalised interest.

Carrying value

All items of plant and equipment are carried at the lower of cost less accumulated depreciation, amortisation and impairment losses and their recoverable amount. The carrying amount is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected discounted present value net cash flows that will be received from the asset's employment and subsequent disposal.

(h) Depreciation and amortisation

Items of plant and equipment, including leasehold assets, are depreciated or amortised on a straight line basis so as to write off the net cost of each asset over its expected useful life. Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future financial periods only.

The annual depreciation and amortisation rates used for each class of asset are as follows:

Land and buildings	5% – 10%
Plant & Equipment	10% – 33.33%
Intellectual Property	5%
Assets work in progress	0%

(i) Impairment of non-financial assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average costs.

(l) Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to settle within 12 months of the year end represent present obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on costs, such as workers' compensation insurance and payroll tax. Employee benefits expected to be settled beyond 12 months are carried at the present value of the estimated future cash flows.

Long service leave

The provision for employee benefits to long service leave represents the present value of estimated future cash outflows to be made by the employer resulting from employees' services provided up to reporting date. The provision is calculated using expected future increases in remuneration rates, including related costs, and expected settlement dates based on turnover history, and is discounted using the rates attaching to national government securities at reporting date, which most closely match the terms of maturity of the related liabilities.

Superannuation plans

The Consolidated Entity contributes to various employee superannuation plans. Contributions are charged against expense as they are made.

Share-based payments

The group has in the past operated a share-based compensation plan in form of an employee option plan. The amount to be expensed over the vesting period has been determined by reference to the fair value of the shares of the options granted.

(m) Receivables

Trade debtor terms vary from market to market depending on the economic factors relevant to the individual market. The Consolidated Entity has actual trading terms ranging up to 120 debtor days. The collectability of debts is assessed at reporting date and allowance made for any doubtful accounts.

The allowance for doubtful debts is specific with reference to the profile of debtors in the Consolidated Entity's sales and marketing regions.

(n) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Note 1: Statement Of Significant Accounting Policies (continued)

(n) Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Sirtex Medical Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2004. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the consolidated group.

(o) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company or Consolidated Entity.

(p) Borrowings

Bank loans are carried in the statement of financial position sheet at amortised costs. Interest expense is recognised on an accruals basis.

(q) Comparative figures

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

(r) Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the parent entity for the financial period, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted for any bonus issue.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period incurred.

(t) Financial instruments

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Foreign currency options entered into hedge highly probable forecast transactions are accounted for as a derivative. Changes in the fair value of derivatives are recorded in the Statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired.

(u) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term instruments with original maturity of three months or less. Restricted cash assets are shown within other current financial assets.

(v) Key estimates – impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where impairment exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment of trade receivables is based on best estimates of amounts that will not be collected from debtors for doses sold. For the year ended 30 June 2010, a total of $169,000 (2009: $395,000) of trade receivables has been estimated as being impaired.

(w) Foreign currency transactions and balances

All foreign currency transactions 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 at that date.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date
- income and expenses are translated at average exchange rates for the period, and
- retained earnings are translated at the exchange rate prevailing at the date of the transaction

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(x) Adoption of new and revised accounting standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Sirtex Medical Limited.

AASB 8 – Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8, which replaced AASB 114 Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Following is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments: AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101 – Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes: The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity: The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Note 1: Statement of Significant Accounting Policies (continued)

(x) Adoption of new and revised accounting standards (continued)

Statement of comprehensive income: The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

New accounting standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9: Financial instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

AASB interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The interpretation deals with situations where either partial or full settlement of the liability has occurred. This interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

2. Revenue and Other Income

	Consolidated 2010 $'000	Consolidated 2009 $'000
(a) Revenue from the sale of goods	**64,333**	**65,559**
(b) Other revenue from ordinary activities		
Grant income	171	358
Licensing income	183	113
Interest income from financial institutions	1,651	602
Interest income from legal settlement	813	–
Legal settlement Dr Gray/UWA	4,762	–
Other	176	261
	7,756	**1,334**
(c) Other income		
Realised foreign exchange gains	–	4,758
Unrealised foreign exchange gains	–	2,236
	–	**6,994**

3. Profit for the Year

	Consolidated 2010 $'000	Consolidated 2009 $'000
Profit from ordinary activities before income tax includes the following expense items:		
Cost of sales	10,826	12,606
Legal fees UWA	409	1,121
Bad and doubtful debts	–	230
Employee benefits expense	14,711	15,686
Depreciation and amortisation of		
Plant and equipment	490	436
Intangible assets	289	434
Operating lease expenses		
Minimum lease payments	308	296
Foreign exchange losses		
Realised foreign exchange losses	535	–
Unrealised foreign exchange losses	953	–

	Consolidated 2010 $'000	2009 $'000
4. Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	4,360	6,282
Deferred tax	(117)	813
Recoupment of prior year losses	–	(2,355)
Over-provision in respect of prior years	(1,220)	(21)
	3,023	**4,923**
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Net profit before tax	19,103	23,152
Prima facie tax payable on profit from ordinary activities before income tax at 30%	5,731	6,945
Add/(less): Tax effect of		
– Non-deductible amortisation	54	54
– Non-deductible expenses	408	241
– Non-assessable income*	(1,469)	–
– Over provision in respect of prior years	(1,809)	183
Effect of higher tax rates on overseas income	146	139
Effect of Foreign Currency translation of tax balances	8	(277)
Timing differences and tax losses not brought to account as deferred tax assets	–	(2,409)
Eliminations for the tax consolidated group	(48)	49
Other	–	–
Income tax attributable to entity	**3,022**	**4,923**
The applicable weighted average effect tax rates are as follows	16%	21%
* The majority of the non-assessable income relates to the reimbursement of legal fees in relation to the UWA case		
(c) Franking Account		
Franking Account Balance	**8,407**	**9,209**

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantially enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the Company. The directors elected for those entities within the consolidated entity that are wholly-owned Australian resident entities to be taxed as single entity from 1 July 2004. The implementation of the tax consolidation system was notified to the Australian Tax Office. The head entity within the tax-consolidated group for the purposes of the tax consolidation system is Sirtex Medical Limited.

	Consolidated 2010 $'000	2009 $'000
5. Cash and Cash Equivalents		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash at bank and on hand	3,421	3,342
Short-term deposits with financial institutions	38,000	23,179
	41,421	**26,521**
The effective interest rate on short-term deposits was 5.98% (2009: 3.87%). These deposits have an average maturity of 42 days.		
(b) Reconciliation of cash flow from operations with profit after income tax Profit after income tax		
Profit after income tax	**16,080**	**18,229**
Non-cash flows in profit:		
Depreciation and amortisation	779	870
Decrease in current tax assets	288	2,489
Decrease/ (increase) in deferred assets	831	(556)
Net foreign exchange differences	183	(2,715)
Changes in net assets and liabilities		
(Increase)/ decrease in assets		
Trade receivables	21	(3,264)
Other receivables	(2,793)	424
Inventories	442	(804)
Other current assets	(37)	(128)
Increase/ (decrease) in liabilities		
Payables	3,754	(604)
Current tax liabilities	1,407	1,879
Short-term provisions	662	1,548
Other current liabilities	(675)	1,694
Long-term provisions	69	89
Deferred tax liabilities	(780)	989
Net cash flow from operating activities	**20,231**	**20,140**

	Consolidated	
	2010 $'000	2009 $'000
6. Trade and Other Receivables		
(a) Trade receivables		
Trade receivables	11,697	11,944
Provision for impairment	(169)	(395)
	11,528	**11,549**
(b) Other receivables		
Receivables from key management personnel	–	35
GST receivables	684	445
Other receivables	2,997	409
	3,681	**889**
	15,209	**12,438**

Receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item (refer note 3).

Movement in the provision for impairment of receivables is as follows:

	Opening balance $'000	Change for the year $'000	Amounts written off $'000	Closing balance $'000
30 June 2010				
Trade receivables	(395)	226	–	(169)
30 June 2009				
Trade receivables	(165)	(230)	–	(395)

An amount of $169,000 was considered impaired as at 30 June 2010 (2009: $395,000).

Trade receivables past due but not impaired

	Consolidated	
	2010 $'000	2009 $'000
Less than 30 days overdue	1,938	1,616
30 – 60 days overdue	886	557
More than 60 days overdue	1,079	671

No other receivables are past due.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and shown above.

The class of assets described as Trade and other Receivables is considered to be the main source of credit risk related to the Group.

No collaterals have been received from any of the trade debtors in the form of a financial guarantee.

7. Inventories

	Consolidated 2010 $'000	Consolidated 2009 $'000
Raw materials – at cost	957	1,399
	957	**1,399**

8. Other Financial Assets

	Consolidated 2010 $'000	Consolidated 2009 $'000
Other current financial assets		
Security deposits paid	379	230
	379	**230**

9. Other Current Assets

	Consolidated 2010 $'000	Consolidated 2009 $'000
Prepayments	470	582
	470	**582**

10. Tax Assets

	Consolidated 2010 $'000	Consolidated 2009 $'000
(a) Current tax assets		
Current tax assets	**172**	**460**
(b) Deferred tax assets		
Timing differences attributable to:		
Parent entity	509	369
Entities in the tax consolidated group	404	299
Overseas entities	1,420	2,496
	2,333	**3,164**
The overall movement in the deferred tax account is as follows:		
Opening balance	3,164	2,608
(Charge)/credit to the statement of comprehensive income	(653)	193
(Charge)/credit to equity	(178)	363
	2,333	**3,164**

	Consolidated 2010 $'000	Consolidated 2009 $'000
11. Property, Plant and Equipment		
Land and buildings		
At cost	1,175	1,234
Accumulated depreciation	(142)	(87)
Net carrying amount	1,033	1,147
Plant and equipment		
At cost	3,913	3,819
Accumulated depreciation	(1,507)	(1,458)
Net carrying amount	2,406	2,361
Assets work in progress		
At cost	892	4
Accumulated depreciation	–	–
Net carrying amount	892	4
Total Property, Plant and Equipment		
At cost	5,980	5,057
Accumulated depreciation	(1,649)	(1,546)
Net carrying amount	4,331	3,512
Movements in carrying amounts		
Land and buildings		
Carrying amount at beginning	1,147	1,023
Additions	–	194
Depreciation expense	(114)	(70)
Carrying amount at end	1,033	1,147
Plant and equipment		
Carrying amount at beginning	2,361	2,202
Additions	436	753
Disposals	(10)	(68)
Depreciation expense	(381)	(526)
Carrying amount at end	2,406	2,361
Assets work in progress		
Carrying amount at beginning	4	29
Additions	892	–
Disposals	(4)	(25)
Carrying amount at end	892	4
Total Property, Plant and Equipment		
Carrying amount at beginning	3,512	3,254
Additions	1,328	918
Disposals	(14)	(68)
Depreciation expense	(495)	(592)
Carrying amount at end	4,331	3,512

12. Intangible Assets

	Consolidated 2010 $'000	2009 $'000
Software		
At cost	479	458
Accumulated amortisation	(323)	(254)
Net carrying amount	156	204
Intellectual property		
At cost	3,606	3,607
Accumulated amortisation	(2,374)	(2,194)
Net carrying amount	1,232	1,413
Total intangible assets		
At cost	4,085	4,065
Accumulated amortisation	(2,697)	(2,448)
Net carrying amount	1,388	1,617
Movements in carrying amounts		
Software		
Carrying amount at beginning	204	169
Additions	70	162
Amortisation expense	(118)	(127)
Carrying amount at end	156	204
Intellectual property		
Carrying amount at beginning	1,412	1,593
Amortisation expense	(180)	(180)
Carrying amount at end	1,232	1,413
Total intangible assets		
Carrying amount at beginning	1,616	1,762
Additions	70	162
Amortisation expense	(298)	(307)
Carrying amount at end	1,388	1,617

13. Trade and Other Payables

	Consolidated 2010 $'000	Consolidated 2009 $'000
Trade payables	6,986	3,233
Other accruals and payables	1,883	2,558
	8,869	**5,791**

14. Current Tax Liabilities

	Consolidated 2010 $'000	Consolidated 2009 $'000
(a) Current tax liabilities		
Current tax liability	3,517	2,110
	3,517	**2,110**
(b) Deferred tax liabilities		
Timing differences attributable to:		
Parent entity	24	53
Entities in the tax consolidated group	1	735
Other	183	201
	208	**989**
The overall movement in the deferred tax account is as follows:		
Opening balance	989	–
Charge/(credit) to the statement of comprehensive income	(781)	989
	208	**989**

15. Provisions and Accruals

	Consolidated 2010 $'000	Consolidated 2009 $'000
(a) Short-term provisions		
Employee benefits*	2,268	1,605
	2,268	**1,605**
(b) Long-term provisions		
Employee benefits*	255	185
	255	**185**

* Employee benefits include provisions for annual leave, bonus and for long service leave

	Consolidated 2010 $'000	Consolidated 2009 $'000
15. Provisions and Accruals (continued)		
The overall movement in the short-term provision account is as follows:		
Opening balance	1,605	46
Additional provisions for the year	1,090	1,961
Amounts used during the year	(427)	(402)
Closing balance	**2,268**	**1,605**
The overall movement in the long-term provision account is as follows:		
Opening balance	185	96
Additional provisions for the year	76	112
Amounts used during the year	(6)	(23)
Closing balance	**255**	**185**

	Consolidated 2010 $'000	Consolidated 2009 $'000
16. Interest-Bearing Loans		
Current		
Insurance premium funding	–	64
	–	**64**

	Consolidated 2010 $'000	Consolidated 2009 $'000
17. Issued Capital		
Issued capital	24,779	24,779
Share issue cost	(1,258)	(1,258)
	23,521	**23,521**
Number of shares issued	55,768,136	55,768,136

	2010		2009	
	No (000)	$'000	No.(000)	$'000
Fully paid ordinary shares				
Balance at beginning of the year	55,768	23,521	55,768	23,521
Balance at end of the year	55,768	23,521	55,768	23,521

Fully paid ordinary shares carry one vote per share and carry the right to dividends. On winding up, ordinary shares participate in dividends and the proceeds, in proportion to the number of shares held. The Company does not have a limited number of authorised capital and issued shares do not have a par value.

17. Issued Capital (continued)

Share options

At reporting date, there were no share options outstanding, and no share option plan was in place.

Capital management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern. Management effectively manages the Group's capital by assessing the Group's financial risk and adjusting its capital structure in response to changes in these risks and in the market. The responses include the management of debt levels, distributions to shareholders, and share issues.

The Company has no debt as at 30 June 2010.

	Consolidated	
	2010 $'000	2009 $'000
18. Reserves		
Foreign Currency Translation Reserve	(719)	(882)
	(719)	**(882)**

The translation of foreign controlled subsidiaries into the functional currency of the Group gives rise to a foreign currency translation reserve.

	Consolidated	
	2010 $'000	2009 $'000
19. Earnings Per Share		
(a) Basic earnings per share		
Profit from continuing operations attributable to equity holders	**16,080,000**	**18,229,000**
Weighted average number of shares used in the calculation of basic earnings per share	55,768,136	55,768,136
(b) Diluted earnings per share		
Profit from continuing operations attributable to equity holders	**16,080,000**	**18,229,000**
Weighted average number of shares used in the calculation of diluted earnings per share	55,768,136	55,818,136

	Consolidated	
	2010 $'000	2009 $'000
20. Dividends		
Distributions paid		
Declared fully franked ordinary dividend of 0 (2009: 2) cents per share franked at the tax rate of 30% (2009: 30%)	–	1,116
Declared fully franked special dividend of 0 (2009: 5) cents per share franked at the tax rate of 30% (2009: 30%)	–	2,791
Balance of franking credit amount at year end adjusted for franking credits arising from payment of provision for income tax	8,407	9,209

21. Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of regional markets which have different structures and performance assessment criteria. Operating segments are therefore determined on the same basis. The three regional markets currently serviced by the group are Asia Pacific, North America and Europe.

As the Group manufactures and distributes only one product, identical for each of the three regional markets, no further segmentation across products or services is made.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set annually and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that received the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

Unallocated revenue comprises income from legal settlement UWA and other income.

Segment performance

	External Sales		Inter-segment		Other		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Asia Pacific	2,848	2,738	48,826	69,006	2,993	321	54,667	72,065
North America	40,012	43,957	5,526	4,362	–	–	45,538	48,319
Europe	21,473	18,863	–	102	–	–	21,473	18,965
Total of all segments							**121,678**	**139,350**
Eliminations							(54,352)	(73,469)
Unallocated							4,762	8,007
Consolidated							**72,088**	**73,887**

21. Operating Segments (continued)

Segment net profit after tax

	Total 2010 $'000	Total 2009 $'000
Asia Pacific	16,837	11,621
North America	1,345	1,295
Europe	759	10,398
Total of all segments	**18,941**	**23,314**
Eliminations	162	(162)
Profit before income tax expense	19,103	23,152
Income tax expense	(3,023)	(4,923)
Profit after income tax expense	**16,080**	**18,229**

Segment assets and liabilities

	Assets		Liabilities	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Asia Pacific	126,525	83,499	74,167	41,973
North America	16,548	17,652	18,617	20,722
Europe	6,311	7,036	4,974	6,058
Total of all segments	**149,384**	**108,187**	**97,758**	**68,753**
Eliminations	(82,724)	(58,264)	(82,641)	(58,009)
Consolidated	**66,660**	**49,923**	**15,117**	**10,744**

Other segment information

	Asia Pacific		North America		Europe	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Acquisition of segment assets						
– Land and buildings	–	–	–	–	–	–
– Plant and equipment	1,095	–	192	786	41	132
Depreciation and amortisation of segment assets						
– Plant and equipment	134	70	308	410	53	57
– Intangibles	298	307	–	–	–	–

Major customers

The Group has a number of customers to whom it provides products. No single external customer represents more than 10% of total revenue.

22. Key Management Personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2010.

The totals of remuneration paid to key management personnel of the consolidated entity during the year are as follows:

	Consolidated	
	2010 $'000	2009 $'000
Short-term employee benefits	2,952,564	3,311,727
Post-employment benefits	63,469	101,434
Other long-term benefits	–	–
Termination benefits	75,000	183,000
Share-based payment	–	–
	3,091,033	3,596,161

Key management personnel shareholdings

The number of fully paid ordinary shares in Sirtex Medical Ltd held by each key management personnel of the Group during the financial year is as follows:

	Balance at beginning	Granted as remuneration	Issued on exercise of options	Other changes	Balance at end
30 June 2010					
G Boyce	5,000	–	–	–	5,000
D Smith	15,000	–	–	–	15,000
30 June 2009					
G Boyce	5,000	–	–	–	5,000
D Smith	–	–	–	15,000	15,000

Key management personnel options and rights holdings

There were no options or rights holdings during the financial year with any of the key management personnel.

	Consolidated	
	2010 $'000	2009 $'000
23. Parent Entity		
Assets		
Current assets	49,527	28,922
Non-current assets	2,117	2,260
Total assets	**51,644**	**31,182**
Liabilities		
Current liabilities	38,912	21,958
Non-current liabilities	81	90
Total liabilities	**38,993**	**22,048**
Equity		
Issued capital	23,521	23,521
Retained earnings	(10,870)	(14,387)
	12,651	**9,134**
Reserves		
Foreign currency revaluation reserve	0	0
Total reserves	**0**	**0**
Financial performance		
Profit for the year	5,942	4,153
Other comprehensive income	0	0
Total comprehensive income	**5,942**	**4,153**

Financial guarantees

No guarantees have been provided to its wholly-owned subsidiaries by the parent entity.

Contingent liabilities

The parent entity has a contingent liability with respect to legal proceedings with Dr Gray. Refer to note 24 for further details.

Contractual commitments

The parent entity has an operating lease commitment for the office lease in Sydney. Refer to note 25 for further details.

24. Contingent Assets and Contingent Liabilities

Contingent assets

As previously reported, Sirtex Medical Limited (Sirtex) is a party to proceedings in the Federal Court of Australia issued by the University of Western Australia (UWA Proceedings). Dr Bruce Gray (a former director and a substantial shareholder of Sirtex) is also a party to the UWA Proceedings. Sirtex was successful in the UWA Proceedings against UWA and Dr Gray.

Sirtex incurred in excess of $5.5 million in legal costs and expenses in relation to the UWA proceedings and related matters. In respect of those costs, Sirtex has recovered $3,250,000 from UWA and $2,575,185.83 from Dr Gray. These amounts have been paid by UWA and Dr Gray and the UWA Proceedings have been concluded. These amounts, less an amount of $250,000 credited to legal expenses, have been included as other revenue (refer note 2 (b)).

Sirtex has the benefit of a further costs order in respect of its costs incurred in pursuing its recovery against Dr Gray. The total amount of those costs is in excess of $400,000. Subject to an appeal (see below) Sirtex expects to recover a substantial proportion of those costs on taxation or by agreement. Sirtex expects that any recovery in this regard will not be made until the first half of 2011. As a result of the uncertainty regarding recovery of these costs, no revenue has been recorded in relation to these costs as of 30 June 2010.

Contingent liabilities

Dr Gray has filed an appeal against the assessment of damages in Sirtex's favour. Sirtex is defending the appeal. The appeal is likely to be heard in November 2010 and judgment is likely to be delivered in the first half of 2011.

In the event that Dr Gray is successful in his appeal, Sirtex would be ordered to repay the amount recovered from Dr Gray of $2,575,186 (or part of that amount) together with interest and costs. Until the appeal is heard and determined, it is not possible to provide any further useful or precise estimate of the amount (if any) Sirtex might be ordered to repay to Dr Gray in the event that Dr Gray was successful in his appeal. As a result of the uncertainty, no amounts have been provided in relation to the appeal.

25. Commitments

Operating leases

The consolidated entity leases offices in Sydney, in Germany and in the United States, with no option to purchase the leased assets at the expiry of the leased assets.

The Sydney office has a lease term of 36 months, with a remaining period of five months. The German office has a lease term of 60 months, with a remaining period of 43 months, and the US office has a lease term of one year with a remaining period of six months.

The consolidated entity also leases various items of plant and equipment in Germany with lease terms from 36 to 48 months, and remaining periods of 15 to 33 months.

	Consolidated	
	2010 $'000	2009 $'000
Non-cancellable operating leases		
Not longer than 1 year	197	337
Longer than 1 year and not longer than 5 years	222	480
	419	**817**

The consolidated entity has entered into various research and development agreements with universities and other external research institutions for ongoing research and clinical trials.

Under these agreements, the consolidated entity is committed to providing funds over future periods, payable within one year, of $1,837,000 (2009: $432,000)

26. Controlled Entities

Name of entity	Country of incorporation	Ownership interest 2010 %	2009 %
Parent entity			
Sirtex Medical Limited	Australia		
Controlled entities			
Sirtex Medical Products Pty Ltd	Australia	100	100
Sirtex Global Pty Ltd	Australia	100	100
Sirtex Technology Pty Ltd	Australia	100	100
Sirtex SIR-Spheres Pty Ltd	Australia	100	100
Sirtex Thermospheres Pty Ltd	Australia	100	100
Sirtex Medical Holdings Inc	USA	100	100
Sirtex Medical Inc	USA	100	100
Sirtex Wilmington LLC	USA	100	100
Sirtex Medical Europe GmbH	Germany	100	100
Sirtex Singapore Holding Pte Ltd	Singapore	100	–
Sirtex Medical Singapore Pte Ltd	Singapore	100	–
Sirtex Global Singapore Pte Ltd	Singapore	100	–
Sirtex Manufacturing Singapore Pte Ltd	Singapore	100	–

Sirtex Singapore Holding Pte Ltd was incorporated on 23 April 2010 and holds 100% interest in Sirtex Medical Singapore Pte Ltd, Sirtex Global Singapore Pte Ltd and Sirtex Manufacturing Singapore Pte Ltd. Sirtex Medical Ltd and all its Australian-controlled entities are included in the tax-consolidated group and is head entity for tax consolidation.

27. Related Party Transactions

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 26.

(b) Transactions with key management personnel and related entities.

At 30 June 2010, $Nil (2009: $Nil) was payable to directors, key management personnel and director related entities.

At 30 June 2010, $Nil (2009: $22,474) was receivable from key management personnel and director related entities.

(c) Transactions with the wholly-owned group

The ultimate parent entity in the wholly-owned group is Sirtex Medical Limited. During the financial year, Sirtex Medical Limited received licence fees from entities in the wholly-owned group of $6,367,303 (2009: $6,807,347).

(d) Outstanding balances arising from transactions with the wholly-owned group

The following balances are outstanding at the reporting date in relation to transactions with the wholly-owned group:

Current receivables from subsidiaries: $5,841,958 (2009: $3,671,236)

Loans receivable from subsidiaries: $1,334,620 (2009: $nil)

28. Events After Balance Sheet Date

As detailed in Note 24 to the Financial Statements, the UWA proceedings have been concluded in July 2010. A final dividend of 7 cents per ordinary share has been declared for the year ended 30 June 2010.

No other matter or circumstance has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

29. Remuneration of Auditors

During the year, the following were paid or were payable for services provided by the auditor of the parent entity, its related party practices and non-related audit firms:

	Consolidated	
	2010 $'000	2009 $'000
Remuneration of the auditor of the parent entity for audit and review of financial reports	91	96
Other non-audit services	–	–
Remuneration of other auditors of subsidiaries for audit and review of financial reports	46	25

The auditor of Sirtex Medical Ltd and its Australian subsidiaries is Grant Thornton Audit Pty Ltd. The auditor of the German subsidiary is Grant Thornton GmbH. The auditor of the US entities is Grant Thornton LLP.

30. Financial Risk Management

The Audit Committee has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group. The Audit Committee monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counter party credit risk, currency risk, and interest rate risk.

The Group's activities expose it to a variety of financial risks, including but not limited to, market risk (currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management strategy seeks to measure and to mitigate these risks, in using different methods measure the different types of risk, and in using derivate instruments to minimise certain risk exposures.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, account receivable and payable, and loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial instruments, are as follows:

	Consolidated	
	2010 $'000	2009 $'000
Financial Assets		
Cash and cash equivalents	41,421	26,521
Trade and other receivables	15,209	12,438
Other financial assets*	379	230
	57,009	**39,185**
Financial Liabilities		
Trade and other payables	8,869	5,791
Borrowings	–	64
	8,869	**5,855**

* Other financial assets comprise security deposits.

The carrying amounts of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

Financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign exchange risk, liquidity risk and credit risk as follows:

(a) Interest rate risk

The Group's exposure to interest rate risk relates to its cash and short-term deposits. The interest rate as at 30 June 2010 on cash was 4.25% (2009: 2.5%) and on short-term deposits 5.98% (2009: 3.87%). All other financial assets and liabilities are non-interest bearing.

Sensitivity analysis

A change in interest rate on cash and short-term deposits would result in a change in profit as follows:

	Consolidated	
	2010 $'000	2009 $'000
Change in profit:		
Increase in interest rate by 2%	746	371
Decrease in interest rate by 2%	(746)	(371)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other securities where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amounts of financial assets recorded in the financial statements, net of any provision for impairment, represent the Group's maximum exposure to credit risk without taking into account any collateral or other security obtained.

(c) Liquidity risk

Liquidity risk management requires maintaining sufficient cash and cash equivalents, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are invested in term deposits with short term maturities.

As of 30 June 2010, the Group had only non-interest bearing financial liabilities with less than one year maturity (refer note 13).

(d) Foreign exchange risk

The Group is exposed to foreign exchange risk resulting in fluctuations in the fair value and in future cash flows of its financial instruments due to a movement in foreign exchange rates of currencies other than the Group's measurement currency.

It is the Group's policy that hedging, as a percentage of net foreign exchange rate exposure, be maintained within the limits of the foreign exchange risk management policy.

The Group has open currency options at balance date relating to highly probable forecast transactions. These options give the Group the right to purchase foreign currencies at a specified exchange rate if the actual exchange rate at expiry date of the options is higher than the specified rate.

Sensitivity analysis

A change in foreign exchange rates would result in a change in profit as follows:

	Consolidated	
	2010 $'000	2009 $'000
Change in profit:		
Increase of AUD to USD by 15%	(6,002)	(6,576)
Decrease of AUD to USD by 15%	6,002	6,576
Increase of AUD to EUR by 15%	(3,221)	(2,829)
Decrease of AUD to EUR by 15%	3,221	2,829

30. Financial Risk Management (continued)

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations, denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

	Net financial assets / (liabilities)			
	USD '000	EUR '000	SGD '000	AUD '000
2010				
Group entity (functional currency)				
North American entities (USD)	5,437	–	–	6,379
European entity (EUR)	–	2,556	–	3,662
Singapore entities (SGD)	–	–	311	261
Balance sheet exposure	5,437	2,556	311	10,302
2009				
Group entity (functional currency)				
North American entities (USD)	4,869	–	–	6,001
European entity (EUR)	–	2,460	–	4,227
Singapore entities (SGD)	–	–	–	–
Balance sheet exposure	4,869	2,460	–	10,228

Foreign currency call/put options

The Group has European style call/ put options open at balance date relating to highly probable forecast transactions and recognised financial assets and financial liabilities. These options consist of two components:

1. The right to buy specified amounts of AUD against foreign currencies in the future at specified exchange rates.

2. The obligation to buy specified amounts of AUD against foreign currencies in the future at specified exchange rates if the AUD falls below a specified rate.

The following table summarises the notional amounts and terms of these options.

	Notional Amounts		Average Exchange Rate	
	2010 USD '000	2009 USD '000	2010	2009
Call Options (Sell USD/Buy AUD)				
Settlement				
– less than 6 months	3,000	3,000	0.89	0.82
Put Options (Sell USD/Buy AUD)				
Settlement				
– less than 6 months*	3,000	3,000	0.89	0.82

* The obligation to purchase AUD at the specified rate of $0.89 occurs, if on expiry date of the option the spot exchange rate is $0.865 or less.

Additional stock exchange information as at 18 August 2010

Number of shareholders

55,768,136 fully paid ordinary shares are held by 2,748 individual shareholders.

All issued ordinary shares carry one vote per share, however, partly paid shares do not carry the rights to dividends.

Distribution of shareholders

	Ordinary Shares	Holders
1 – 1,000	726,163	1,236
1,001 – 5,000	2,908,175	1,130
5,001 – 10,000	1,644,238	211
10,001 – 100,000	3,927,044	149
100,001 and over	46,562,516	22
	55,768,136	**2,748**

Substantial shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
COGENT NOMINEES PTY LIMITED	17,244,588	30.922
DR BRUCE GRAY	16,423,424	29.449
J P MORGAN NOMINEES AUSTRALIA	3,729,769	6.688
	37,397,781	**67.059**

Twenty largest shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
COGENT NOMINEES PTY LIMITED	17,244,588	30.922
ACN 132 442 114 PTY LIMITED	16,423,424	29.449
J P MORGAN NOMINEES AUSTRALIA	3,729,769	6.688
CITICORP NOMINEES PTY LIMITED	2,475,367	4.439
EQUITY TRUSTEES LIMITED	1,326,999	2.379
ANZ NOMINEES LIMITED	957,987	1.718
PINE RIDGE HOLDINGS PTY LTD	620,000	1.112
NATIONAL NOMINEES LIMITED	566,304	1.015
MR ERIK ADRIAANSE	500,000	0.897
HSBC CUSTODY NOMINEES	390,246	0.700
SANDHURST TRUSTEES LTD	359,185	0.644
APOLLO SOLUTIONS LIMITED	284,491	0.510
CITY AND WESTMINSTER LIMITED	250,000	0.448
SCJ PTY LTD	250,000	0.448
PACIFIC SECURITIES INC	250,000	0.448
UBS WEALTH MANAGEMENT	249,595	0.448
BANNABY INVESTMENTS PTY LTD	210,000	0.377
TILL NO 54 PTY LIMITED	190,000	0.341
RBC DEXIA INVESTOR SERVICES	148,869	0.267
ATTUNGA NOMINEES PTY LTD	135,385	0.243
	46,562,209	**83.492**

Company Information

for the year ended 30 June 2010

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Company Secretary

Mr Darren Smith

Stock exchange listing

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ASX code SRX

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