

2011 Annual Report

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Sirtex continues to transform and improve the way liver cancer is treated, helping bring hope and quality of life to thousands of patients and their families worldwide.

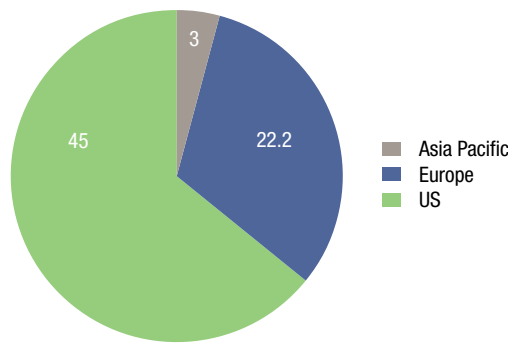
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Annual General Meeting

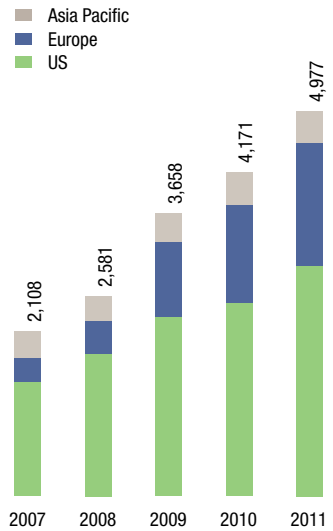
The Annual General Meeting will be held at 10:00 am on 27 October 2011 at the Stamford Grand Hotel North Ryde, NSW Australia. Sirtex's global headquarters are in Sydney, Australia, with three regional offices located in Singapore, Germany and the United States and principal manufacturing facilities in Australia, Singapore and the United States.



2011 Sales Revenue \$ Million



5 Year Dose Sales Growth



2011 Highlights

Dose sales of SIR-Spheres microspheres targeted radioactive liver cancer treatment were up 19 per cent worldwide.

Dose sales in Europe were up 25 per cent, sales in the US were up 19 per cent and sales in Asia Pacific rose 3 per cent.

Total sales revenue was up 9 per cent to \$70.3 million.

Revenue in Europe was \$22.2 million, revenue in the US was \$45.1 million and in the Asia Pacific region \$3 million.

Cash from operating activities was \$15.3 million and cash on hand was \$42.9 million at 30 June 2011.

Profit before tax, excluding foreign exchange, was up 13 per cent to \$20.5 million.

Net profit after tax was down 29 per cent.

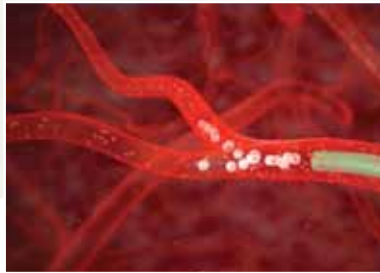
Earnings per share (EPS) were 20.6 cents, up from 28.8 cents last year.

Net tangible assets per share rose 4 per cent to 93.9 cents per share.

Payment of a fully franked final year dividend of 7 cents per share on 14 October 2010 to shareholders.



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



Why use tiny radioactive beads?

A major disadvantage of anti-cancer drugs is their lack of selectivity for tumour tissue alone. They can cause severe side effects on normal healthy tissue and result in low cure rates.

SIR-Spheres microspheres allow clinicians to target tumours with internal radiation without causing significant side effects to the normal cells around the tumour.

The therapy is called Selective Internal Radiation Therapy (SIRT) and involves the delivery of millions of SIR-Spheres microspheres directly to the site of the liver tumours.

What are they?

SIR-Spheres microspheres are microscopic radioactive polymer spheres that contain yttrium-90 (Y-90) and emit pure beta radiation.

Each biocompatible sphere measures approximately the size of four red blood cells or one-third the diameter of a strand of human hair.

Together they can deliver 40 times more radiation to a tumour than conventional radiotherapy, which can damage healthy tissue.

SIRT is usually a single procedure, although repeat treatments are possible.

SIR-Spheres microspheres lodge in the small blood vessels of the cancer tumour, where they selectively destroy the tumour from inside over a short period of time.

The anti-cancer effect is concentrated in the liver while sparing the surrounding healthy tissue.





In August 2010, grandfather Brian Brooks, 72, was told cancer in his colon had spread to his liver. His doctors told him it was unlikely he would live beyond 12 months.

However Brian was put on the FOXFIRE clinical study which aims to show SIR-Spheres microspheres, when combined with chemotherapy, can give patients better medical outcomes than current treatments.

“ Obviously there is always the risk that the cancer can come back but I am now in remission and that is something that the doctors did not believe was possible.”

The study involves 490 patients at 24 hospitals across the United Kingdom and is funded in partnership with Cancer Research UK, the Bobby Moore Fund for Cancer Research and Sirtex.

In 2011, Brian was treated with SIR-Spheres microspheres and his standard chemotherapy before his doctors told him his liver tumours had disappeared.

Brian’s liver tumours shrank after two days, which meant doctors were then able to treat the cancer in his colon. He is now in remission.



Growing acceptance worldwide

Over 20,000 people have been treated with SIR-Spheres microspheres around the world. SIR-Spheres microspheres are used by medical professionals in more than 50 countries at 510 hospitals and treatment centres in the European Union, Australia, the United States and many Asian countries. SIR-Spheres microspheres are approved by the US Food & Drug Administration, the Australian Therapeutic Goods Administration and have CE mark approval for use in Europe.

Evolution of SIR-Spheres microspheres

Sirtex is working to develop new systems to help clinicians deliver SIR-Spheres microspheres with maximum therapeutic value.

SIR-Spheres microspheres could be used to deliver chemotherapy and other drugs.

A new patient treatment planning system and an improved delivery system will make the use of SIR-Spheres microspheres potentially less technical and more accurate.

A new type of imageable SIR-Spheres microspheres will be easily viewed by common scanning equipment.

Achievement Summary

Doses sold

A total of 4,977 doses were sold through 510 hospitals worldwide in 2011. This number is less than one per cent of the total addressable global market. Global dose sales have grown by an average 18.7 per cent each year over the past five years. The largest gains have been in Europe where sales grew by an average of 37 per cent over the past five years. Growth in sales in the US has averaged 15 per cent. The Asia Pacific has seen an average growth of 4 per cent. Our investment this year in marketing and sales support teams in each region, combined with various initiatives to drive awareness and demand, will contribute to significant growth in coming years.

Patients treated

Over 20,000 people have been treated by SIR-Spheres microspheres over the past decade. This number does not include the large number of people participating in our multiple large and small clinical studies in partnership with other global leaders such as Bayer Pharmaceuticals and The University of Oxford in the UK. As two of our major clinical studies draw closer to full recruitment, we anticipate the growing global awareness and interest among the medical community will continue to increase the number of people who benefit from our product.

Sales revenue

Sales revenue over the past five years has grown at an average rate of 16 per cent to reach \$70.3 million in 2011. Revenue in Europe has increased at an average rate of 32 per cent over the past five years while revenue in the US has grown an average of 12 per cent. We expect revenue to increase in all regions as we broaden our global footprint. New product enhancements together with our investment in clinical and marketing support staff will have a significant positive effect on future revenue.



Clinical Recruitment Accelerates

	Start Year	FY06-FY09	FY10	FY11	Total	Study Size	Completion (%) at 30 June 2011
SIRFLOX	2006	89	55	107	251	450	56%
FOXFIRE	2010		6	39	45	490	9%
SORAMIC	2011			12	12	360	3%
SIRvøNIB	2011			53	53	360	15%

4 major clinical studies underway

9 new studies budgeted for 2012

13 clinical studies underway worldwide

510 hospitals have used SIR-Spheres microspheres

2,000 clinical study patients

4,977 doses sold in 2011

2011

New clinical study in collaboration with Bayer Pharmaceuticals

SIRvøNIB study launched in Asia

Significant increase in clinical support staff worldwide

Clinical study recruitment up 142%

Total staff numbers up 28%

Moved Australian head office to accommodate additional staff

Finalised Singapore manufacturing facility

Significant increase in sales and marketing staff in all markets

Achieved record revenue and dose sales in all markets

Paid second consecutive shareholder dividend

Declared third annual shareholder dividend payable in October 2011

R&D investment up 84%

Key achievements in 2011



Financial performance

Record revenue of \$70.3 million and a 19 per cent rise in dose sales underlined another successful year for Sirtex.

The highlight this year was the opening of our third global manufacturing and distribution centre and the release of additional positive independent clinical data reconfirming the efficacy and safety of SIR-Spheres microspheres to treat patients at an early stage of liver cancer.

The opening of our new Singapore facility, which also acts as a regional head office for our future Asia Pacific growth, was an important milestone in the ongoing and sustained development of Sirtex.

Capital management

At the end of the reporting period, cash on hand was \$42.9 million compared with \$41.4 million the previous year. Cash from operating activities was \$15.3 million.

Our confidence in our future performance saw the Board agree to return \$3.9 million of this to shareholders via a fully franked dividend of seven cents for the second consecutive year.

Profit before tax, excluding foreign exchange and the settlement of the legal proceedings determined last financial year, was up 13 per cent to \$17.0 million compared to \$15.0 million the previous year.

Profit before tax, including foreign exchange and University of Western Australia (UWA) proceedings, was down 25 per cent to \$14.4 million. Net profit after tax was \$11.5 million.

The results were positively impacted by \$6.6 million (before tax) as a result of the company capitalising a percentage of the SIR-Spheres Evolution program and clinical trial costs associated with the four major trials mentioned above. These costs have previously been expensed as their successful completion was uncertain at the time.

Sustainable growth

Laying the foundations for sustainable long-term growth is a phrase you will read throughout this report. It is the key strategic objective that guides much of our decision making across the company.

Our commitment to focus on developing our internal capabilities in all areas of the business worldwide helped Sirtex achieve another year of sustained growth.

Despite the ongoing global economic uncertainty in Europe and the US, Sirtex continued its steady unbroken and impressive path of rising dose sales and expansion.

The release this year of yet more independent clinical data from a major six-year study in Europe showing very positive long-term survival rates was met with great enthusiasm by the international medical community. It reconfirmed Sirtex's position as an emerging global leader in the treatment of liver cancer.

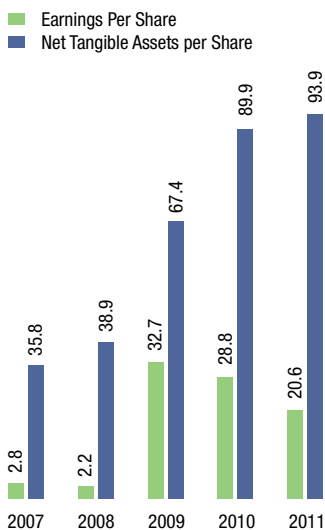
These positive clinical results are creating excitement and interest with our customers in the international medical community.

This growing body of positive clinical evidence supporting wider use of our core SIR-Spheres microspheres product, backed by a deep pipeline of promising future therapeutic solutions, helps ensure our position as a leader not only in liver cancer and microspheres technology but also a range of other therapies for the treatment of other cancers.

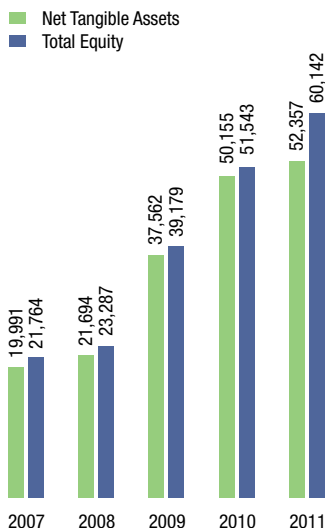
Significant progress has been made towards enhancing the way clinicians use and administer our core product to ensure we retain our leadership position in a global market with few competitors.

Sirtex sells a unique Australian-developed cancer therapy in over 50 countries through over 500 treatment centres. These sales are driven and supported by marketing, clinical, product manufacturing hubs and expert distribution teams in Asia, the US, Europe and Australia.

Earnings Per Share Cents

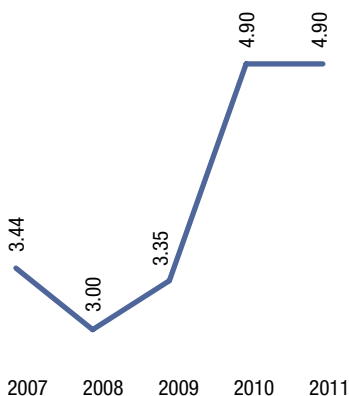


Net Tangible Assets \$'000



Share Price \$

Prices at 30 June each year



Global economic conditions

While the global economic environment provides a challenge for many Australian exporters, our rapidly increasing spread of customers around the world helps us overcome any slowdown in demand that may arise in individual countries.

Despite the global economic uncertainties of the past year, our business remains in robust shape. We have a growing and talented team that remains firmly focused on delivering on our long-term global growth objectives.

We expect significant growth in demand over the coming years, much of our focus during the past two years has been to increase investment back into our business and to prepare the foundations to deal with this anticipated growth.

Our goal is to be able to quickly take full advantage of our global market leadership to create maximum long-term value for shareholders.

These plans are progressing to schedule and as we continue to hire more skilled and talented people around the world, we can see we are building a truly great Australian medical technology company with a global focus.

We take a long-term view to our growth prospects and the Sirtex growth story is really only just beginning.

Board and management team

There were no changes to the Board membership during the reporting period. The Board is committed to ensuring the management team has the necessary resources and expertise required to continue to grow the business globally.

Board and management stability is one of our key assets. It is why we are able to effectively deal with the many challenges of operating a complex, fast growth medical technology business in multiple global medical markets.

We are very fortunate to have a strong and dedicated team led by our Chief Executive Officer Gilman Wong. The team has successfully and consistently worked together for a number of years and

their commitment has helped place our business in the sound position we enjoy today. Together with all of Sirtex's support staff and customers, they continue to make excellent progress on the timely roll-out of our long-term global growth strategy.

Our Asia Pacific management team has been renewed with the appointment of Dr Burwood Chew, an experienced former Bayer Schering executive. Based in Singapore, he is refocusing our drive into Asia where the incidence of liver cancer and demand for our product is expected to grow significantly in coming years.

On behalf of the Board, I would like to thank Gilman Wong and the many other team members around the world for their contributions in a challenging but successful year.

Gilman and his team have significantly increased our staff numbers this year and the Board welcomes all new employees to Sirtex. They are the key to our collective future success as we work to improve the quality of life for liver cancer patients.

Outlook

The outlook for our business is very positive and this is supported by our commitment to invest in clinical studies, people, research and development, marketing and sales growth initiatives. Together these initiatives are creating the foundation for a significant business that will continue to grow over the coming years.

Our business is in a position of considerable strength. We have no debt, and a cohesive and talented management team with an exciting product that is in demand and enjoys a market leadership position around the world.

All of us remain focused and determined to realise the full potential of our business and the important opportunity we have to bring hope and improved quality of life to thousands of liver cancer patients and their families.

Richard Hill
Chairman



Transforming thousands of lives worldwide

Every week, around 100 people with liver cancer are treated by skilled medical professionals using our SIR-Spheres microspheres.

They act in the knowledge that there is a growing body of independent clinical evidence that proves SIR-Spheres microspheres will help extend and improve the quality of life for their patients where other treatments like chemotherapy have proved ineffective.

Dozens more people every week will also be treated as part of our large clinical studies program that is building the evidence to expand the use of our product and treat patients at an earlier stage of their disease.

These numbers are less than one per cent of the addressable global market. The focus of all Sirtex employees is to prepare our business for the expected substantial increase in the numbers of people treated as the clinical evidence emerging from our global clinical program to support the use of SIR-Spheres microspheres in patients at an early stage of their disease becomes overwhelming and impossible to ignore.

We believe the data from our studies should transform the way liver cancer is treated.

Because we are still at an early stage of our business growth and continue to reinvest heavily in developing our infrastructure and capabilities, dose sales are the best key measure to track our business expansion and overall performance.

Record revenue and earnings

This year, dose sales were up 19 per cent to 4,977 doses. Dose sales have grown at an average of 18.7 per cent over the past five years and delivered 28 consecutive quarters of positive sales growth over the past seven years.

The total sales revenue for the year was \$70.3 million, up 16 per cent over the previous year. Foreign exchange was again a key aspect of the result with over 95 per cent of our sales made in Europe and the US.

Net Profit after tax (NPAT) of \$11.5 million was down 29 per cent and earnings per share (EPS) of 20.6 cents were down 29 per cent.

Performance and capital management

Sirtex remains debt free and our cash reserves at the end of the year were \$42.8 million. Our confidence in future growth saw the Board agree to return \$3.9 million to investors with a fully franked dividend of 7 cents per share on 21 October 2011 to all shareholders registered at 5:00pm on 30 September 2011. This is the third consecutive year of dividend payments.

As stated here and in many of our announcements, the creation of long-term value drives our day to day decision making across the business.

Since we listed the business on the Australian Securities Exchange in 2000, our share price has appreciated steadily. While there are many short-term variables outside our control that impact share price, we believe we are still very much a start-up business at the early stages of our global expansion with just under one per cent of the current addressable global market.

To support our long-term growth we continue to invest in clinical studies, sales and marketing, manufacturing, and research and development to ensure the business is in a sound position to be able to take advantage of significant longer term growth and expansion.

Clinical studies provide the evidence for expanded use

Few investments demonstrate our long-term focus more than the \$60 million dollars we have committed to supporting a range of major clinical studies around the world.

We currently have 13 studies underway. Four of these are major international efforts that will involve the recruitment of nearly 2,000 patients and the support of thousands of dedicated medical professionals.

An increase in clinical support staff numbers led to a rise of 142 per cent in recruitment rates across all our studies.

All of our clinical programs are meeting their recruitment milestones and our clinical team believes SIRFLOX and SIRvæNIB will complete recruitment within 15 and 20 months respectively.

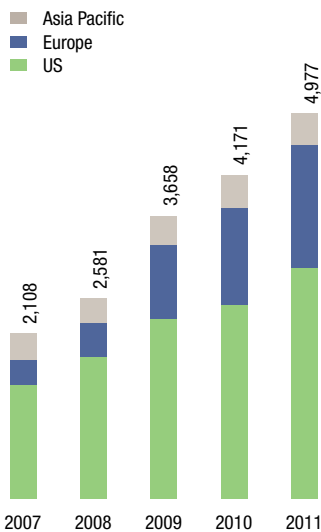
Together with the international medical community we are excitedly looking forward to the release of the formal results.

Based on the data from several smaller studies, we believe SIR-Spheres microspheres will become a game changer in the way liver cancer is treated worldwide.

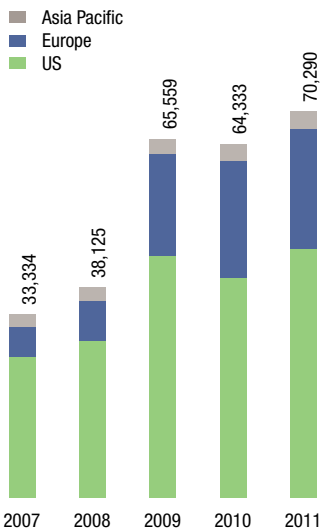
We are focused on preparing for this change to take full advantage of the opportunity.

Our clinical program is focused on gathering the data to show clinicians that SIR-Spheres microspheres can be used effectively to treat patients at an earlier stage of their disease to achieve better results. During the reporting period we significantly increased investment in the four large international randomised controlled studies of SIR-Spheres microspheres in the therapy's two main indications; metastatic colorectal cancer (mCRC) and primary hepatocellular carcinoma (HCC). The most advanced of these studies are the global SIRFLOX study in mCRC and the Asia Pacific SIRvæNIB study in HCC. Our other major studies, SORAMIC in Europe and FOXFIRE in the UK are both recruiting well.

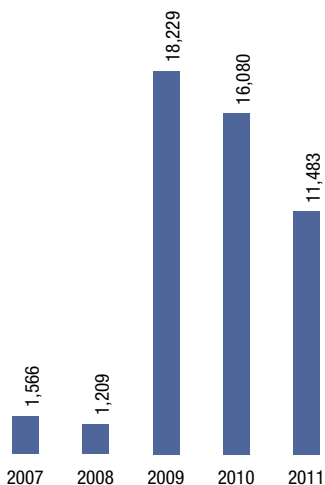
5 Year Dose Sales Growth



5 Year Sales Revenue \$'000



Profit after Tax \$'000



Study	Total patients	% recruited at 30 June 2011
SIRFLOX	450	56%
FOXFIRE	490	9%
SORAMIC	360	3%
SIRvøNIB	360	15%

Innovation powers growth

We know growth is driven by innovation and in 2011 we invested over \$5 million in research and development which is about seven per cent of total revenues for the year.

The pipeline of products behind our core SIR-Spheres microspheres is significant and, while we can't go into much detail for various competitive reasons, we all are excited about the opportunities that will provide a range of solutions for clinicians seeking to improve the quality of life for their cancer patients.

Based on the good results to date, we have accelerated our programs aimed at improving aspects of our core product. The SIR-Spheres Evolution Program is focused on two areas to develop solutions that will help enable further market scalability and rapid growth. Our aim is to make our product more clinically effective and easier to use by a wider number of clinical specialists.

As more medical professionals worldwide begin to use our product, the simplification and reliability of our basic delivery system used to administer SIR-Spheres microspheres is a priority.

The second major focus of our investment is a new patient treatment planning system to enable a highly tailored, patient-specific therapy planning prior to the administration of SIR-Spheres microspheres. This new system combines several technologies developed with leading research universities in Australia and overseas. Clinical testing to validate this exciting new product begins this year.

In addition to the SIR-Spheres Evolution Program, we continued to invest in the development of new technologies. The programs can be broadly categorised into the following three technology

areas; Radioprotector, Nanoparticle Developments and Microsphere Technologies. The business extracts maximum leverage from its investment in these programs via extremely beneficial collaborations with high profile research institutions throughout the world. In each case we have increased the level of support as we get closer to first clinical testing of some of the developments.

Manufacturing and quality control

Sirtex now has manufacturing operations in Australia, Singapore and the United States. Construction of our new global manufacturing and distribution hub in Singapore has gone to plan and is now fully operational. These facilities give us a significant advantage and will allow us to meet the growing demand for our product. The new facility is an important part of our long-term strategy to grow our business globally. It is a global distribution base for our clinical and marketing teams embarking on closer engagement with our growing customer base in Asia.

During the reporting period we also reached agreement with Australian Radiopharmaceuticals and Industrials (ARI) based at the Australian Nuclear Science and Technology Organisation (ANSTO) in Sydney to continue contract manufacture of our product. These three plants provide adequate capacity to meet the growth in demand from our customer base.

Our manufacturing processes are world class. We are committed to the very highest levels of quality control with a robust integrated global quality management system in place. We operate within a highly regulated industry and our quality assurance system complies with all the applicable regulatory requirements globally. Sirtex also holds all the necessary licences and approvals to enable us to market our current product in all of the geographic jurisdictions in which we operate.

Growing global awareness and results

United States

US dose sales for the year increased by 19 per cent to 2,969 and \$45.1 million in revenue. An additional 43 new US hospitals began using SIR-Spheres microspheres to treat liver cancer patients. This is largely due to our investment in more sales and marketing support staff. We launched new initiatives to drive market growth, we continue to focus on the referral community and the business has embarked on several new initiatives to ensure the potential benefits of our product are widely understood and known.

Our new larger sales and marketing teams are actively working with referring oncologists and physicians to build awareness. A key focus of our new staff in the US is to grow the market further with continued outreach to the oncology community, campaigns to develop awareness about the benefits of our technology among medical professionals and consumers backed up by great service and assistance to patients and their families to navigate the US insurance system.

Europe

Dose sales across the European region grew 25 per cent to 1,603 and \$22 million in revenue. Our efforts to improve customer service, referrals and the promotion of highly positive clinical data from several small European studies helped drive increased awareness and sales. Importantly, the UK's National Institute for Health and Clinical Excellence (NICE) issued guidance that recommended the wider use of targeted radioactive treatments like SIR-Spheres microspheres for patients with liver cancer tumours resulting from colorectal cancer. More liver cancer patients across the UK will now benefit and Sirtex expects sales in the UK to grow following the decision.

Despite the challenging market conditions across the European region, we are very confident growth will continue at current levels on the back of more good clinical data and our continued program of engagement with the thought leaders in the medical community.

Asia Pacific

The Asia Pacific's complex regulatory and cultural environment continues to provide a number of challenges to achieving the same type of growth that we have seen in other geographic markets.

Dose sales in the Asia Pacific region, which includes Australia and New Zealand, were up four per cent to \$3 million with 405 doses sold.

Our new head of Asia Pacific operations, Dr Burwood Chew, is working with his team to leverage our progress to date, re-focusing our approach, and expanding sales, marketing and clinical support teams. We believe it will take another two years before growth in this region begins to equal the rates we enjoy in other geographic markets.

Attracting and keeping the very best people

Our priority is to attract and retain the best people and over the past year our staff numbers have grown 29 per cent to 106 full-time employees worldwide.

It is very encouraging to see the high calibre of the people we have attracted. We have invested in a number of programs to ensure we maintain high standards of professional knowledge among all our employees and that we have robust process management systems in place and the capacity and capability to support the significant global growth ahead.

The passion and commitment of our employees is the key to our long-term success.

Their commitment is equalled by the passion and commitment of the many thousands of clinicians and medical professionals around the world working to improve the quality of life and medical outcomes of the growing number of people afflicted with liver cancer.

Together we are making a positive impact and real difference to thousands of lives.

2012 outlook

All of us at Sirtex are inspired by the possibilities our technology holds to potentially improve the quality of life for thousands of people with liver cancer. We feel a strong sense of commitment to them, together with our partners in the medical community.

We know that by improving the way liver cancer is treated, we are also creating significant long-term value for all of our shareholders for many years to come.

We have had the opportunity over the past few years to invest in developing our internal capabilities across all functions and regions. I am confident the plans we have developed will begin to reap significant returns for shareholders as we continue to improve the lives of many people around the world daily.

Gilman Wong
Chief Executive Officer

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 of 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 in 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 execution 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	7 years
John Eady	6 years
Grant Boyce	9 years
Gilman Wong	6 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 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 health 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 2011

Sirtex Medical Ltd
Consolidated Entity
ABN 35 078 166 122

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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 2011.

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 –
Non-executive Director,
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 was a founding partner of Hill Young & Associates, a corporate advisory firm. He is also an attorney of the New York State Bar.

Directorships held in other listed entities during the past three years

Calliden Group Limited – Chairman
Biota Holdings Limited
BlackWall Property Funds – Chairman

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 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, and consults extensively on business improvement in Asia & North America.

Directorships held in other listed entities during the past three years

Nil

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 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.

Directorships held in other listed entities during the past three years

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.

Directorships held in other listed entities during the past three years

Nil

Interest in Shares and Options

90,188 Executive Performance Rights, nil interest in shares

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

31,000 Executive Performance Rights, nil interest in shares

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:

Directors	Board of Directors		Remuneration Committee		Audit Committee	
	Held	Attended	Held	Attended	Held	Attended
R Hill (Chairman)	11	10	5	5	5	5
Dr J Eady	11	11	5	5	5	5
G Boyce	11	11	5	5	5	5
G Wong	11	11	–	–	–	–

Principal activities

Sirtex Medical Ltd and its controlled entities ("Group") form a biotechnology and medical device group 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 and financial results

Revenue from the sale of goods for the year ended 30 June 2011 was \$70,286,000, representing an increase of 9% from the previous year's \$64,333,000. The increase was negatively impacted by the strengthening of the Australian dollar against the US dollar and the Euro during the financial year. From 30 June 2010 to 30 June 2011, the Australian dollar appreciated by 26% against the US dollar and by 6% against the Euro, resulting in revenue growth in the US and in Europe remaining behind volume growth, when converted into Australian dollars.

Sales volumes, measured in dose sales, grew by 19% over last year, with all regional markets contributing to the growth. The key market, the US, representing approximately 60% of total dose sales, achieved growth of 19.2%, selling 2,969 doses. Europe had another outstanding year with 24.5% growth selling 1,603 doses. Asia Pacific achieved 3.1% growth with promising opportunities as the business continues to develop new markets within Asia Pacific.

Gross margin declined to 80.8% for the year ended 30 June 2011 compared to 83.2% for last financial year. This is mostly due to a significant price increase for the manufacturing of doses from our external contract manufacturer. Profit after tax for the year ended 30 June 2011 was \$11,479,332 compared to last year's \$16,079,891. Two factors contributed to the decline in profit after tax, the negative impact from a stronger AUD against USD and EUR, and the receipt of \$5.6m from the settlement of the UWA / Dr Gray case during the financial year ended 30 June 2010.

During the year ended 30 June 2011, the set up of the new manufacturing site in Singapore was completed, and the first commercial doses at the new site were manufactured in July 2011.

A significant part of the Group's clinical activities is focused on four major post-marketing clinical trials. In prior years, expenses for these trials have been expensed to profit and loss. As these trials now satisfy the recognition criteria for internally generated intangible assets, costs incurred for these trials as well as for two smaller development projects have been capitalised during the financial year ended 30 June 2011, for a total amount of \$6,631,261.

Dividends

An ordinary dividend of 7 cents per share was declared for the financial year ended 30 June 2010 and paid during the financial year ended 30 June 2011.

An ordinary dividend of 7 cents per share has been declared for the financial year ended 30 June 2011, with record date 30 September 2011 and payment date 21 October 2011.

Directors' Report

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.

Unissued Shares

Performance rights on issue at year end or exercised during the year

At the date of this report, the unissued shares of Sirtex Medical Limited under Executive Performance Rights are as follows:

Grant date	Date of Expiry	Exercise Price \$	Number under Rights
22 February 2011	30 June 2013	nil	374,188

Right holders do not have any rights to participate in any issue of shares or other interests in the Company or any other entity. For further details on rights issued to Directors and Executives as remuneration, refer to the Remuneration Report.

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

During the year ended 30 June 2011, 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 2011.

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:

	2011	2011	2010	2010
	Ordinary Shares	Performance Rights	Ordinary Shares	Performance Rights
R Hill	–	–	–	–
Dr J Eady	–	–	–	–
G Boyce	5,000	–	5,000	–
G Wong	–	90,188	–	–

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*.

Events after reporting date

A final fully franked dividend of 7 cents per ordinary shares has been declared for the year ended 30 June 2011.

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.

The auditors have not provided any non-audit services to Sirtex Medical Limited other than a review of the valuation of the performance rights granted as remuneration.

A total of \$117,000 has been paid as remuneration of the auditor of the parent entity and a total of \$59,000 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 2011 has been received and can be found on page 22 of the financial report and forms part of the Director's 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 may 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.

Directors' Report

Performance based remuneration

During the year the Remuneration Committee and the Board have worked to implement the recommendations arising from the audit conducted by the independent remuneration consultant (Godfrey Remuneration Group Pty Ltd).

In addition to a market-based pay, the remuneration packages for the CEO and other key staff include two important performance based components, one focussing on short-term incentives (STIs) and the other on long-term incentives (LTIs).

The STIs are designed to support annual business plans and targets and reflect agreed key performance indicators (KPIs), with the intention to reward these executives for excellent performance and facilitate goal congruence with that of the business. 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 LTIs aim to align the interest of the employees more closely with those of the shareholders. They consist of Executive Performance Rights which convert into ordinary shares if certain vesting criteria are met. The number granted reflects salary and seniority within the group. Vesting conditions are based on absolute total shareholder return so that staff will benefit in line with returns to shareholders from long-term capital growth in the price of the Company's shares and annual dividends. The number of rights vested and converted into ordinary shares depends on how well target annual compound total shareholder return growth rates are met. These targets are set by the board to reflect shareholder expectations and include threshold growth rates below which no rights vest.

The Board may, however, exercise its discretion in relation to approving incentives and can modify the committee's recommendation within the terms of the plans.

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 past 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 revenue 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.

	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$
Revenue	33.3m	38.1m	65.6m	64.3m	70.3m
Profit after tax	(1.6m)	(1.2m)	18.2m	16.1m	11.5m
Share price at year end	3.44	3.00	3.35	4.90	4.90
Dividends paid	–	–	–	0.07	0.07

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 2011	Contract duration	Contract termination by Company	Participation in Performance Rights Plan
G Wong	Chief Executive Officer	No fixed term	6 months	Yes
D Smith	Chief Financial Officer	No fixed term	6 months	Yes
R Hardie	Head of Operations	No fixed term	6 months	Yes
Dr D Cade	Chief Medical Officer	No fixed term	6 months	Yes
D Turner	Head of Global Marketing	No fixed term	6 months	Yes
M Mangano	Head of US Region	No fixed term	6 months	Yes
N Lange	Head of Europe Region	No fixed term	6 months	Yes
Dr B Chew*	Head of Asia Pacific Region	No fixed term	6 months	Yes

* Dr M van den Berg, Head of Asia Pacific Region, left the Company on 8 November 2011. Dr B Chew was appointed new Head of Asia Pacific Region on 1 January 2011.

Key management personnel remuneration details

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

		Short-term			Post-employment		Equity based payments	Other Long Term	Total	Performance related
		Salary & fees	Bonus	Non-monetary	Super-annuation	Other Benefits	Rights			
		\$	\$	\$	\$	\$	\$	\$	%	
Non-executive directors										
R Hill	2011	140,000	–	–	–	–	–	–	140,000	–
	2010	119,600	–	–	–	–	–	–	119,600	–
Dr J Eady	2011	44,398	–	–	48,102	–	–	–	92,500	–
	2010	62,495	–	–	5,625	–	–	–	68,120	–
G Boyce	2011	80,000	–	–	–	–	–	–	80,000	–
	2010	62,400	–	–	–	–	–	–	62,400	–
Subtotal	2011	264,398	–	–	48,102	–	–	–	312,500	–
	2010	244,495	–	–	5,625	–	–	–	250,120	–
Other key management personnel										
G Wong	2011	464,801	55,000	–	15,199	–	27,946	–	562,946	15
	2010	401,539	93,600	–	14,461	–	–	–	509,600	18
D Smith	2011	284,801	48,000	–	15,199	–	9,606	–	357,606	16
	2010	245,539	33,800	–	14,461	–	–	–	293,800	12
R Hardie	2011	249,801	25,000	–	15,199	–	8,428	–	298,428	11
	2010	184,269	25,835	–	14,461	–	–	–	224,565	12
Dr D Cade	2011	241,201	25,000	–	15,199	–	8,149	–	289,549	11
	2010	213,393	11,397	–	14,461	–	–	–	239,251	5
D Turner	2011	371,287	33,748	–	–	–	8,614	–	413,649	10
	2010	367,755	18,388	–	–	–	–	–	386,143	5
M Mangano ⁽¹⁾	2011	319,680	44,697	32,758	–	–	10,226	–	407,361	13
	2010	173,287	143,729	16,069	–	–	–	–	333,085	43
N Lange	2011	314,150	20,627	130,391	–	–	10,226	–	475,394	6
	2010	302,704	24,069	134,944	–	–	–	–	461,717	5
M van den Berg ⁽²⁾	2011	375,129	–	–	6,430	–	–	–	381,559	–
	2010	212,349	5,670	–	14,461	–	–	–	232,480	2
Dr B Chew ⁽³⁾	2011	152,870	76,150	19,262	–	–	10,226	–	258,508	33
	2010	–	–	–	–	–	–	–	–	–
Subtotal	2011	2,773,720	328,222	182,411	67,226	–	93,421	–	3,445,000	12
	2010	2,100,835	356,488	151,013	72,305	–	–	–	2,680,641	13
Total	2011	3,038,118	328,222	182,411	115,328	–	93,421	–	3,757,500	11
	2010	2,345,330	356,488	151,013	77,930	–	–	–	2,930,761	12

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

⁽²⁾ M van den Berg ceased to be an employee of the Group on 11 November 2010. The salary paid to him during the year ended 30 June 2011 included a termination payment of \$200,350 and long-service leave of \$18,368.

⁽³⁾ Dr B Chew became an employee of the Group on 1 January 2011.

Directors' Report

Performance rights granted as remuneration

Performance rights that were granted over issued shares during or since the end of the financial year by the Company to directors and other key management personnel as part of their remuneration are as follows:

KMP	Grant Details			Exercised		Vested		Forfeited	
	Date	No.	Value	No.	\$	No.	\$	No.	\$
G Wong	22 February 2011	90,188	187,546	–	–	–	–	–	–
D Smith	22 February 2011	31,000	64,465	–	–	–	–	–	–
R Hardie	22 February 2011	27,200	56,562	–	–	–	–	–	–
Dr D Cade	22 February 2011	26,300	54,691	–	–	–	–	–	–
D Turner	22 February 2011	27,800	57,810	–	–	–	–	–	–
M Mangano	22 February 2011	33,000	68,624	–	–	–	–	–	–
N Lange	22 February 2011	33,000	68,624	–	–	–	–	–	–
Dr B Chew	22 February 2011	33,000	68,624	–	–	–	–	–	–
Total		301,488	626,946	–	–	–	–	–	–

The value of the performance rights has been determined using a Monte Carlo simulation model, using the following input parameter:

Exercise price	\$nil
Duration of performance rights	3 years
Underlying share price	\$4.90
Expected share price volatility	50%
Expected dividend	\$0.07 per share
Risk-free interest rate	4.25%

The performance condition for vesting is Total Shareholder Return (TSR), measured over a period of three years from 1 July 2010 to 30 June 2013. The number of rights vested is determined as follows:

TSR (% per annum compound)	Vesting (%)
Less than 15%	0%
15% – 20%	25%
20% – 30%	50%
More than 30%	100%

Description of performance rights granted as remuneration

Details of the performance rights granted as remuneration to Directors and other key management personnel are as follows:

Grant Date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price	Value per right at grant date	Amount paid/ payable by recipient
				\$	\$	\$
22 February 2011	Sirtex Medical Limited	1:1 Ordinary shares in Sirtex Medical Limited	From vesting date to 30 June 2017	nil	2.08	nil

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



Gilman Wong
Director
25 August 2011



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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 2011, 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


A G Rigele
Director - Audit & Assurance

Sydney, 25 August 2011

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Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 27 to 58, are in accordance with the *Corporations Act 2001* and
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), and
 - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company and consolidated group
2. the Chief Executive Officer and Chief Financial Officer have each declared, as required by section 295A of the *Corporations Act 2001*, 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 Accounting 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 companies 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.



Gilman Wong
Director

Sydney, 25 August 2011



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

Report on the financial report

We have audited the accompanying financial report of Sirtex Medical Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report 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 report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report 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 report 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 report, 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 report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

- a The financial report of Sirtex Medical Limited is 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 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 7 to 10 of the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to read "Andrew Rigele".

Andrew Rigele
Director - Audit & Assurance

Sydney, 25 August 2011

Statement of Comprehensive Income

for the year ended 30 June 2011

				Consolidated		
		Note	2011 \$'000	2010 \$'000		
Revenue from the sales of goods		2(a)	70,286	64,333		
Cost of sales			(13,543)	(10,826)		
Gross profit			56,743	53,507		
Other revenue		2(b)	2,668	7,756		
Marketing expenses			(22,338)	(21,770)		
Research expenses			(6,101)	(3,062)		
Regulatory expenses			(446)	(244)		
Quality assurance expenses			(616)	(384)		
Clinical trial expenses			(4,421)	(8,867)		
Administration expenses			(7,389)	(6,330)		
Other expenses			(3,750)	(1,503)		
Profit before income tax			14,350	19,103		
Income tax expense		4	(2,871)	(3,023)		
Profit for the year			11,479	16,080		
Other comprehensive income						
Foreign currency translation (net of tax) of foreign operations			908	162		
Total comprehensive income for the year attributable to members of the parent entity			12,387	16,242		
			Cents	Cents		
Earnings Per Share						
– Basic (earnings per share)		18	20.6	28.8		
– Diluted (earnings per share)		18	20.4	28.8		
Dividends per share		19	7.0	7.0		

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

Statement of Financial Position

as at 30 June 2011

Consolidated

	Note	2011 \$'000	2010 \$'000
Current Assets			
Cash and cash equivalents	5(a)	42,915	41,421
Trade and other receivables	6	14,149	15,209
Inventories	7	1,025	957
Financial assets	8	430	379
Other current assets	9	741	470
Current tax assets	10(a)	312	172
Total – Current Assets		59,572	58,608
Non-current Assets			
Property, plant and equipment	11	6,808	4,331
Intangible assets	12	7,785	1,388
Deferred tax assets	10(b)	2,476	2,333
Total – Non-current Assets		17,069	8,052
Total Assets		76,641	66,660
Liabilities			
Current Liabilities			
Trade and other payables	13	8,583	8,869
Current tax liabilities	14(a)	–	3,517
Short-term provisions	15(a)	5,084	2,268
Total – Current Liabilities		13,667	14,654
Non-current Liabilities			
Long-term provisions	15(b)	360	255
Deferred tax liabilities	14(b)	2,472	208
Total – Non-current Liabilities		2,832	463
Total Liabilities		16,499	15,117
Net Assets		60,142	51,543
Equity			
Issued capital	16	23,521	23,521
Reserves	17	81	(943)
Retained earnings		36,540	28,965
Total – Equity		60,142	51,543

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

Statement of Changes in Equity

for the year ended 30 June 2011

	Ordinary Shares \$'000	Option Reserve \$'000	FC Translation Reserve \$'000	Retained Profits \$'000	Total \$'000
<i>Consolidated Entity</i>					
Balance at 1 July 2009	23,521	–	(1,105)	16,789	39,205
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	–	–	–	(3,904)	(3,904)
Balance at 30 June 2010	23,521	–	(943)	28,965	51,543
Share rights reserve	–	115	–	–	115
Foreign currency translation reserve	–	–	909	–	909
Profit attributable to members of parent entity	–	–	–	11,479	11,479
Total comprehensive income for the year attributable to the members of parent entity	–	115	909	11,479	12,503
Dividends paid or provided for	–	–	–	(3,904)	(3,904)
Balance at 30 June 2011	23,521	115	(34)	36,540	60,142

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

Statement of Cash Flows

for the year ended 30 June 2011

Consolidated

	Note	2011 \$'000	2010 \$'000
Cash Flows From Operating Activities			
Receipts from customers		69,043	64,064
Payments to suppliers and employees		(52,191)	(47,714)
Receipts from government grants		56	171
Receipts from license fees		178	183
Recovery of legal fees		2,575	3,000
Interest received		1,981	1,468
Interest paid		–	(1)
Net income tax paid		(6,356)	(940)
Net cash provided by operating activities	5(b)	15,286	20,231
Cash Flows From Investing Activities			
Purchase of plant and equipment		(3,377)	(1,384)
Internally generated intangible assets		(6,631)	–
Net cash used in investing activities		(10,008)	(1,384)
Cash Flows From Financing Activities			
Repayment of short-term borrowings		–	(65)
Payment of dividends		(3,784)	(3,882)
Net cash (used in) / provided by financing activities		(3,784)	(3,947)
Net increase in cash held		1,494	14,900
Cash and cash equivalents at the beginning of financial year		41,421	26,521
Cash and cash equivalents at the end of financial year	5(a)	42,915	41,421

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

Notes to the Financial Statements

for the year ended 30 June 2011

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 25 August 2011.

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

In prior years, development costs have been expensed as incurred as the Group had not been able to meet the recognition criteria outlined below. The impact of the accounting policy in the current financial year has been to capitalise development costs of \$6,631,261 in the statement of financial position as an intangible asset, and accordingly the profit before tax for the year has been improved by \$6,631,261.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised if, and only if all of the following is demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or for sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate future economic benefits

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1: Statement Of Significant Accounting Policies (continued)

(f) Intangibles (continued)

- adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset are available
- the expenditure attributable to the intangible asset during its development can be reliably measured

Following the initial recognition of the development expenditure, the cost model is applied requiring the assets to be carried at cost less accumulated impairment losses. Current capitalised development costs are to be amortised over 7 years.

The Consolidated Entity uses its judgment in continually assessing whether development expenditure meet the recognition criteria of an intangible asset.

At 30 June 2011, the assessment of all development activities resulted in the recognition of certain development expenditure as an internally generated intangible asset.

The carrying value of an intangible asset arising from development costs is tested for impairment annually when the asset is not yet available for use or more frequently when an indicator of impairment arises during the reporting period.

(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 Group includes the cost of material and direct labour, an appropriate proportion of fixed and variable overheads and capitalised interest. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All items of plant and equipment are carried at the lower of cost less accumulated depreciation, amortisation and impairment losses and their recoverable amount.

(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 depreciation and amortisation rates used for each class of asset are:

Buildings and Leasehold improvements	5% – 10%
Plant & Equipment	10% – 33.33%
Intellectual Property	5%
Internally generated intangible assets	5% – 15%
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.

Notes to the Financial Statements

for the year ended 30 June 2011

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 Consolidated Entity provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares (equity-settled transactions). For this purpose, the Consolidated Entity set up an Executive Performance Rights Plan in February 2011.

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of the rights is determined using a Monte Carlo simulation model.

The cost of the equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

Further information can be found in Note 21 to the financial statements.

(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 reporting 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.

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.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1: Statement Of Significant Accounting Policies (continued)

(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 to 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 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 2011, a total of \$455,000 (2010: \$169,000) of trade receivables has been estimated as being impaired.

Impairment of internally generated intangible assets is based on management's assessment as to whether the clinical trials and development projects meet the recognition criteria as set out in AASB 138. For the year ended 30 June 2011, these activities satisfy these criteria, and as a result, no impairment has been recognised.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to their fair value of the equity instruments at the date at which they are granted. The fair value is determined with a Monte Carlo simulation model using the assumptions detailed in Note 21.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision is made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the expenses or asset, if applicable, and provision.

Carbon tax

As the Group will not fall within the Top 500 Australian Polluters as defined in the policy framework for the Carbon Scheme by the Commonwealth Government, the impact of the Carbon Scheme on operating costs and on the valuation of assets of the Group is not expected to be significant.

(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.

Notes to the Financial Statements

for the year ended 30 June 2011

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) Segment reporting

The Group has identified its operating segments based on 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.

(y) 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 IASB has issued improvements to IFRS 2010 (2010 Improvements) which was issued in Australia as AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvement Project. Most of these amendments become effective in annual periods beginning on or after 1 July 2010 or 1 January 2011. The 2010 improvements amend certain provisions of AASB 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The 2010 improvements did not have a material impact on the Group's financial statements.

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 (applicable for annual reporting periods commencing on or after 1 January 2013)

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

AASB 124 Related Party Disclosures and AASB 2009-12:

Amendments to Australian Accounting Standards arising from AASB 124 (applicable for annual reporting periods commencing on or after 31 December 2011)

These standards amend the definition of a related party. The Group has not yet determined the potential impact on the financial statements.

AASB 1054 Australian Additional Disclosures: (applicable for annual reporting periods commencing on or after 30 June 2012)

This Standard sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are additional to IFRSs.

AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134, Interpretation 13] (applicable for annual reporting periods commencing on or after 31 December 2011)

These amendments clarify disclosure principles for financial instruments, statement of changes in equity, and for significant events and transactions. The Group has not yet determined the potential impact on the financial statements.

AASB 2010-05: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods commencing on or after 31 December 2011)

These amendments have no major impact on the requirements of the amended pronouncements.

AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 & AASB 7) (applicable for annual reporting periods commencing on or after 30 June 2012)

The Amendments will introduce more extensive and onerous quantitative and qualitative disclosure requirements for de-recognition of financial assets.

AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010):

[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013): This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9:

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1: Statement of Significant Accounting Policies (continued)

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

Financial Instruments in December 2010. Accordingly, these amendments will only apply when the Group adopts AASB 9. As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management

Personnel Disclosure Requirements: The amending pronouncements makes changes to AASB 124 Related Party Disclosures that remove all the individual key management personnel (KMP) disclosures contained in Aus paragraphs 29.1 to 29.9.3. Effective for the first annual reporting period commencing on or after 1 July 2012. Early adoption is not permitted.

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

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
2. Revenue and Other Income		
(a) Revenue from the sale of goods	70,286	64,333
(b) Other revenue from ordinary activities		
Grant income	56	171
Licensing income	178	183
Interest income from financial institutions	2,390	1,651
Interest income from legal settlement	–	813
Legal settlement Dr Gray/UWA	–	4,762
Other	44	176
	2,668	7,756

	Consolidated	
	2011 \$'000	2010 \$'000
3. Profit for the Year		
Profit from ordinary activities before income tax includes the following expense items:		
Cost of sales	13,584	10,826
Legal fees UWA	–	409
Bad and doubtful debts	286	–
Employee benefits expense		
Superannuation contributions	329	253
Other employee benefits expenses	19,117	14,458
Depreciation and amortisation of		
Plant and equipment	690	490
Intangible assets	285	298
Operating lease expenses		
Minimum lease payments	571	308
Foreign exchange losses		
Realised foreign exchange losses	1,704	535
Unrealised foreign exchange losses	960	953

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
4. Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	1,541	4,360
Deferred tax	1,923	(117)
Over-provision in respect of prior years	(593)	(1,220)
	2,871	3,023
(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	14,350	19,103
Prima facie tax payable on profit from ordinary activities before income tax at 30%	4,305	5,731
Add/(less): Tax effect of		
– Non deductible amortisation	54	54
– Non-deductible expenses	357	408
– Non-assessable income	(1,742)	(1,469)
– Over provision in respect of prior years	(535)	(1,809)
Effect of higher tax rates on overseas income	421	146
Effect of Foreign Currency translation of tax balances	(3)	8
Eliminations for the tax consolidated group	14	(48)
Income tax attributable to entity	2,871	3,022
The applicable weighted average effective tax rates are as follows	20%	16%

The increase in the weighted average effective consolidated tax rate for 2011 is predominantly a result of the legal fees recovery in the previous year.

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.

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'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	4,915	3,421
Short-term deposits with financial institutions	38,000	38,000
	42,915	41,421
The effective interest rate on short-term deposits was 6.27% (2010: 5.98%). These deposits have an average maturity of 55 days.		
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	11,479	16,080
Non-cash flows in profit:		
Depreciation and amortisation	954	779
Decrease in current tax assets	(284)	288
Decrease/ (increase) in deferred assets	(143)	831
Share rights reserve	115	–
Net foreign exchange differences	969	183
Changes in net assets and liabilities		
(Increase)/ decrease in assets		
Trade receivables	(1,289)	21
Other receivables	2,349	(2,793)
Inventories	(69)	442
Other current assets	(322)	(37)
Increase/ (decrease) in liabilities		
Payables	(875)	3,754
Current tax liabilities	(3,373)	1,407
Short-term provisions	2,816	662
Other current liabilities	589	(675)
Long-term provisions	106	69
Deferred tax liabilities	2,264	(780)
Net cash flow from operating activities	15,286	20,231

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
6. Trade and Other Receivables		
(a) Trade receivables		
Trade receivables	13,271	11,697
Provision for impairment	(455)	(169)
	12,816	11,528
(b) Other receivables		
GST receivables	476	684
Other receivables	857	2,997
	1,333	3,681
	14,149	15,209

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 2011				
Trade receivables	(169)	(286)	–	(455)
30 June 2010				
Trade receivables	(395)	226	–	(169)

An amount of \$455,000 was considered impaired as at 30 June 2011 (2010: \$169,000).

Trade receivables past due but not impaired

	Consolidated	
	2011 \$'000	2010 \$'000
Less than 30 days overdue	2,884	1,938
30-60 days overdue	1,113	886
More than 60 days overdue	1,265	1,079
Total	5,262	3,903

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 form of a financial guarantee.

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
7. Inventories		
Raw materials – at cost	1,025	957
	1,025	957
	Consolidated	
	2011 \$'000	2010 \$'000
8. Other Financial Assets		
Other current financial assets		
Security deposits paid	430	379
	430	379
	Consolidated	
	2011 \$'000	2010 \$'000
9. Other Current Assets		
Prepayments	741	470
	741	470
	Consolidated	
	2011 \$'000	2010 \$'000
10. Tax Assets		
(a) Current tax assets		
Current tax assets	312	172
(b) Deferred tax assets		
Tax losses revenue	711	–
Timing differences attributable to:		
Fixed assets	63	15
Employee provisions	482	458
Unrealised foreign exchange losses	337	47
Other*	883	1,813
	2,476	2,333
* Other comprises patent costs, trade debtors, and miscellaneous		
The overall movement in the deferred tax account is as follows:		
Opening balance	2,333	3,164
(Charge)/credit to the statement of comprehensive income	391	(653)
(Charge)/credit to equity	(248)	(178)
Closing Balance	2,476	2,333

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
11. Property, Plant and Equipment		
Buildings and leasehold improvements		
At cost	932	1,175
Accumulated depreciation	(159)	(142)
Net carrying amount	773	1,033
Plant and equipment		
At cost	7,956	3,931
Accumulated depreciation	(1,921)	(1,507)
Net carrying amount	6,035	2,424
Assets work in progress		
At cost	–	892
Accumulated depreciation	–	–
Net carrying amount	–	892
Total Property, Plant and Equipment		
At cost	8,888	5,980
Accumulated depreciation	(2,080)	(1,649)
Net carrying amount	6,808	4,331
Movements in carrying amounts		
Buildings and leasehold improvements		
Carrying amount at beginning	1,033	1,147
Additions	–	–
Depreciation expense	(260)	(114)
Carrying amount at end	773	1,033
Plant and equipment		
Carrying amount at beginning	2,406	2,361
Additions	4,254	436
Disposals	(195)	(10)
Depreciation expense	(430)	(381)
Carrying amount at end	6,035	2,406
Assets work in progress		
Carrying amount at beginning	892	4
Additions	–	892
Disposals	(892)	(4)
Carrying amount at end	–	892
Total Property, Plant and Equipment		
Carrying amount at beginning	4,331	3,512
Additions	4,254	1,328
Disposals	(1,087)	(14)
Depreciation expense	(690)	(495)
Carrying amount at end	6,808	4,331

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
12. Intangible Assets		
Software		
At cost	532	479
Accumulated amortisation	(430)	(323)
Net carrying amount	102	156
Internally generated intangibles		
At cost	6,631	–
Accumulated amortisation	–	–
Net carrying amount	6,631	–
Intellectual property		
At cost	3,607	3,606
Accumulated amortisation	(2,555)	(2,374)
Net carrying amount	1,052	1,232
Total intangible assets		
At cost	10,770	4,085
Accumulated amortisation	(2,985)	(2,697)
Net carrying amount	7,785	1,388
Movements in carrying amounts		
Software		
Carrying amount at beginning	156	204
Additions	51	70
Amortisation expense	(105)	(118)
Carrying amount at end	102	156
Internally generated intangibles		
Carrying amount at beginning	–	–
Amortisation expense	6,631	–
Carrying amount at end	6,631	–
Intellectual property		
Carrying amount at beginning	1,232	1,412
Amortisation expense	(180)	(180)
Carrying amount at end	1,052	1,232
Total intangible assets		
Carrying amount at beginning	1,388	1,616
Additions	6,682	70
Amortisation expense	(285)	(298)
Carrying amount at end	7,785	1,388

Notes to the Financial Statements

for the year ended 30 June 2011

12. Intangible Assets (continued)

Recognition of internally generated intangible assets

During the year, the consolidated group undertook certain clinical and R&D activities which have been classified as internally generated intangible assets, in accordance with *AASB 138 Intangible Assets*.

These activities include four major Phase IV post-marketing clinical trials and two development projects aiming at improving the use of Sir-Spheres. The activities now satisfy all tests as set out in AASB 138, in particular the technical feasibility of technical completion and the availability of sufficient financial resources for the completion.

Expenditure for these activities in prior periods has been expensed through profit and loss, as successful completion of these activities was less certain. In accordance with AASB 138, these expenses have not been reclassified as internally generated intangible assets, and only expenditure incurred in the current period is recognised as internally generated intangible asset.

Completion for these activities is anticipated for the financial year ending 30 June 2015. Amortisation expense will be recognised from the date of completion of these activities and calculated over the estimated useful life of the assets which has been assessed at seven years.

The carrying value of the intangible assets arising from development costs has been tested for impairment as the asset is not yet available for use. The cash generating unit was determined to be the cash flows of the Group. On this basis, no impairment has been recognised based on value-in-use calculations covering a detailed one-year forecast, followed by an extrapolation of expected cash flows for the next four years assuming no growth rates and a discount rate of 12%.

	Consolidated	
	2011 \$'000	2010 \$'000
13. Trade and Other Payables		
Trade payables	6,111	6,986
Other accruals and payables	2,472	1,883
	8,583	8,869

	Consolidated	
	2011 \$'000	2010 \$'000
14. Current Tax Liabilities		
(a) Current tax liabilities		
Current tax liability	–	3,517
	–	3,517
(b) Deferred tax liabilities		
Timing differences attributable to:		
Capitalisation of development expenditure	1,989	–
Fixed assets	439	175
Other	44	33
	2,472	208
The overall movement in the deferred tax account is as follows:		
Opening balance	208	989
Charge/(credit) to the statement of comprehensive income	2,315	(781)
Charge/(credit) to equity	(51)	–
Closing balance	2,472	208

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
15. Provisions and Accruals		
(a) Short-term provisions		
Miscellaneous accruals and provisions	5,084	2,268
	5,084	2,268
(b) Long-term provisions		
Accruals for long service leave	360	255
	360	255
The overall movement in the long-term provision account is as follows:		
Opening balance	255	185
Additional provisions for the year	105	76
Amounts used during the year	–	(6)
Closing balance	360	255
The overall movement in the short-term provision account is as follows:		
Opening balance	2,268	1,605
Additional provisions for the year	7,311	1,909
Amounts used during the year	(4,495)	(427)
Closing balance	5,084	3,087

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated			
	2011		2010	
	\$'000		\$'000	
16. Issued Capital				
Current				
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	
	2011		2010	
	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.

Share options

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

Share rights

At reporting date, there is an Executive Performance Rights Plan in place. Refer to note 21 for further details.

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 2011.

	Consolidated	
	2011	
	\$'000	
	2010	
	\$'000	
17. Reserves		
Share Rights Reserve	115	-
Foreign Currency Translation Reserve	(34)	(943)
	81	(943)

The Executive Performance Rights Plan gives rise to a share rights reserve. The translation of foreign controlled subsidiaries into the functional currency of the Group gives rise to a foreign currency translation reserve.

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
18. Earnings Per Share		
(a) Basic earnings per share		
Profit from continuing operations attributable to equity holders	11,479,000	16,080,000
Weighted average number of shares used in the calculation of basic earnings per share	55,768,136	55,768,136
Add to number of shares used in the calculation of diluted earnings per share:		
Effect of potential conversion to ordinary shares under the Executive Performance Rights Plan (refer to note 21 for further details)	374,188	–
(b) Diluted earnings per share		
Profit from continuing operations attributable to equity holders	11,479,000	16,080,000
Weighted average number of shares used in the calculation of diluted earnings per share	56,142,324	55,768,136

	Consolidated	
	2011 \$'000	2010 \$'000
19. Dividends		
Distributions paid		
Declared fully franked ordinary dividend of 7 (2010: 7) cents per share franked at the tax rate of 30%	3,904	3,904
Balance of franking credit amount at year end adjusted for franking credits arising from payment of provision for income tax	10,802	8,407

Notes to the Financial Statements

for the year ended 30 June 2011

20. 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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Asia Pacific	2,980	2,848	60,416	48,826	2,668	2,993	66,064	54,667
North America	45,072	40,012	4,264	5,526	–	–	49,336	45,538
Europe	22,235	21,473	–	–	–	–	22,235	21,473
Total of all segments							137,635	121,678
Eliminations							(64,681)	(54,352)
Unallocated							–	4,762
Consolidated							72,954	72,088

Notes to the Financial Statements

for the year ended 30 June 2011

Segment net profit after tax

	Total	
	2011 \$'000	2010 \$'000
Asia Pacific	11,805	16,837
North America	1,825	1,345
Europe	720	759
Total of all segments	14,350	18,941
Eliminations	–	162
Profit before income tax expense	14,350	19,103
Income tax expense	(2,871)	(3,023)
Profit after income tax expense	11,479	16,080

Segment assets and liabilities

	Assets		Liabilities	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Asia Pacific	133,758	126,525	67,710	74,167
North America	15,024	16,548	6,714	18,617
Europe	6,454	6,311	4,674	4,974
Total of all segments	155,236	149,384	79,098	97,758
Eliminations	(78,595)	(82,724)	(62,599)	(82,641)
Consolidated	76,641	66,660	16,499	15,117

Other segment information

	Asia Pacific		North America		Europe	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000

Acquisition of segment assets

– Land and buildings	–	–	–	–	–	–
– Plant and equipment	4,037	1,095	159	192	58	41
– Intangible assets	6,682	–	–	–	–	–

Depreciation and amortisation of segment assets

– Plant and equipment	303	134	300	308	81	53
– Intangibles	282	298	–	–	3	–

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.

Notes to the Financial Statements

for the year ended 30 June 2011

21. Share Based Payments

On 22 February 2011, a total of 374,188 executive performance rights were granted to executives under the Executive Performance Rights Plan, to take up performance rights which may convert into ordinary shares, for nil consideration. The performance rights are exercisable on or following 30 June 2013. The performance rights hold no voting or dividend rights, and are not transferable.

Performance rights granted to key management personnel are as follows:

Grant Date	Number
22 February 2011	374,188

A total of 90,188 rights were granted to the Chief Executive Officer, and a total of 284,000 rights to other executives of the Group. The performance rights vest on 30 June 2013, and the extent to which vesting occurs depends on the achievement of performance conditions.

The Board has determined that there will be only one performance condition, namely Total Shareholder Return (TSR) calculated over a three-year period from 1 July 2010 to 30 June 2013 (the Measurement period), where TSR includes capital growth and dividends as follows:

TSR (% pa compounded)	Vesting (%)
less than 15%	0%
15%	25%
20%	50%
30% and more	100%

A summary of the movements of all performance rights issued is as follows:

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of year	Vested and exercisable	Vested and unexercisable
22 Feb 2011	30 Jun 2013	0	0	374,188	0	0	374,188	0	0

The weighted fair value of the performance rights has been calculated at \$2.08.

The price was calculated by using a Monte Carlo simulation model applying the following inputs:

Exercise price	\$ –
Performance rights life	3 years
Underlying share price	\$4.90
Expected share price volatility	50%
Expected dividend	\$0.07 per share
Risk-free interest rate	4.25%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is the best indicator of future volatility, which may not eventuate.

Included in the statement of comprehensive income is \$115,487 of performance rights plan expense, and relates in full to equity-settled share-based payment transactions.

Notes to the Financial Statements

for the year ended 30 June 2011

22. Key Management Personnel

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011 and 30 June 2010.

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

	Consolidated	
	2011 \$'000	2010 \$'000
Short-term employee benefits	3,348,401	2,777,831
Post-employment benefits	115,328	77,930
Other long-term benefits	–	–
Termination benefits	200,350	75,000
Share-based payment	93,421	–
	3,757,500	2,930,761

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 2011					
G Boyce	5,000	–	–	–	5,000
D Smith	15,000	–	–	(15,000)	–
30 June 2010					
G Boyce	5,000	–	–	–	5,000
D Smith	–	–	–	15,000	15,000

Key management personnel options holdings

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

Key management personnel rights holdings

The number of performance rights which may convert into ordinary shares of Sirtex Medical Limited held by each key management personnel of the Group during the financial year is as follows:

	Balance at beginning of the year	Granted as remuneration	Issued on exercise of options	Other changes	Balance at end of the year
30 June 2011					
G Wong	–	90,188	–	–	90,188
D Smith	–	31,000	–	–	31,000
R Hardie	–	27,200	–	–	27,200
D Cade	–	26,300	–	–	26,300
D Turner	–	27,800	–	–	27,800
M Mangano	–	33,000	–	–	33,000
N Lange	–	33,000	–	–	33,000
B Chew	–	33,000	–	–	33,000
Total	–	301,488	–	–	301,488

Notes to the Financial Statements

for the year ended 30 June 2011

	Consolidated	
	2011 \$'000	2010 \$'000
23. Parent Entity		
Assets		
Current assets	43,544	49,527
Non-current assets	12,505	2,117
Total assets	56,049	51,644
Liabilities		
Current liabilities	44,183	38,912
Non-current liabilities	135	81
Total liabilities	44,318	38,993
Equity		
Issued capital	23,521	23,521
Retained earnings	(11,836)	(10,870)
	11,685	12,651
Reserves		
Share rights reserve	46	–
Total reserves	46	–
Financial performance		
Profit for the year	2,937	5,942
Other comprehensive income	–	–
Total comprehensive income	2,937	5,942

Financial guarantees

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

Contingent liabilities

The parent entity does not have any contingent liability as at 30 June 2011.

Contractual commitments

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

Notes to the Financial Statements

for the year ended 30 June 2011

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 attributable to legal expenses, have been included as other revenue in the financial year ended 30 June 2010.

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. Sirtex expects to recover a substantial proportion of those costs. Sirtex expects that any recovery in this regard will not be made until the second half of financial year 2012. 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 2011.

25. Commitments

Operating leases

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

Duration and remaining periods for the office leases are as follows:

Location	Lease term	Remaining lease period
Sydney	60 months	52 months
Singapore	60 months	50 months
Germany	60 months	31 months
US	Lease expired	Month to month

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	
	2011 \$'000	2010 \$'000
Non-cancellable operating leases		
Not longer than 1 year	897	197
Longer than 1 year and not longer than 5 years	2,716	222
	3,613	419

Research commitments

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 \$1,664,000 (2010: \$1,837,000).

Clinical Trial commitments

The Consolidated Entity has entered into various clinical study agreements with Clinical Research Organisations (CRO) and specialist service providers for the management of clinical studies, and with a range of major hospitals for the recruitment of patients into these trials.

Under these agreements, the consolidated entity is committed to providing funds over future periods, payable within one year, of \$5,941,000. The amount of all outstanding contractual commitments as at 30 June 2011 is \$16,196,310.

Notes to the Financial Statements

for the year ended 30 June 2011

26. Controlled Entities

Name of entity	Country of incorporation	Ownership interest	
		2011 %	2010 %
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	100
Sirtex Medical Singapore Pte Ltd	Singapore	100	100
Sirtex Global Singapore Pte Ltd	Singapore	100	100
Sirtex Singapore Manufacturing Pte Ltd	Singapore	100	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 Singapore Manufacturing 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 2011, \$Nil (2010: \$Nil) was payable to Directors, key management personnel and director related entities.

At 30 June 2011, \$Nil (2010: \$Nil) 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 \$5,454,145 (2010: \$6,367,303).

(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: \$14,347,564 (2010: \$5,841,958)

Loans receivable from subsidiaries: \$3,120,212 (2010: \$1,334,620)

28. Events After Reporting Sheet Date

A final dividend of 7 cents per ordinary share has been declared for the year ended 30 June 2011.

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.

Notes to the Financial Statements

for the year ended 30 June 2011

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	
	2011 \$'000	2010 \$'000
Remuneration of the auditor of the parent entity for audit and review of financial reports	117	91
Other non-audit services	–	–
Remuneration of other auditors of subsidiaries for audit and review of financial reports	59	46

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. The auditor of the Singapore entities is Foo Kon Ton 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	
	2011 \$'000	2010 \$'000
Financial Assets		
Cash and cash equivalents	42,915	41,421
Trade and other receivables	14,149	15,209
Other financial assets*	430	379
	57,494	57,009
Financial Liabilities		
Trade and other payables	8,583	8,869
Borrowings	–	–
	8,583	8,869

* 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.

Notes to the Financial Statements

for the year ended 30 June 2011

30. Financial Risk Management (continued)

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 2011 on cash was 4.35% (2010: 4.25%) and on short-term deposits 6.27% (2010: 5.98%). All other financial assets and liabilities are non-interest bearing.

Sensitivity analysis

The sensitivity analysis is based on an expected overall volatility of interest rates using market data and forecasts. A change in interest rate of 2% on cash and short-term deposits would result in a change in profit as follows:

	Consolidated	
	2011 \$'000	2010 \$'000
Change in profit:		
Increase in interest rate by 2%	772	746
Decrease in interest rate by 2%	(772)	(746)

(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 2011, the Group had only non-interest bearing financial liabilities with less than 1 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 reporting 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.

Notes to the Financial Statements

for the year ended 30 June 2011

Sensitivity analysis

The sensitivity analysis is based on an expected overall volatility of the relevant currencies, using management's assessment of reasonable fluctuations taking into account movements over the last six months and forecasts for the next 12 months. A change in foreign exchange rates of 15% would result in a change in profit as follows:

	Consolidated	
	2011 \$'000	2010 \$'000
Change in profit:		
Increase of AUD to USD by 15%	(6,761)	(6,002)
Decrease of AUD to USD by 15%	6,761	6,002
Increase of AUD to EUR by 15%	(3,335)	(3,221)
Decrease of AUD to EUR by 15%	3,335	3,221

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
2011				
Group entity (functional currency)				
North American entities (USD)	6,816	–	–	6,816
European entity (EUR)	–	3,166	–	4,275
Singapore entities (SGD)	–	–	(155)	(117)
Balance sheet exposure	6,816	3,166	(155)	10,974
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

Foreign currency call/put options

The Group has no currency option open at reporting date.

As at 30 June 2010, the Group had European style call/ put options open 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.

Notes to the Financial Statements

for the year ended 30 June 2011

30. Financial Risk Management (continued)

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

	Notional Amounts		Average Exchange Rate	
	2011 USD '000	2010 USD '000	2011	2010
Call Options (Sell USD/Buy AUD) Settlement				
– less than 6 months	–	3,000	n/a	0.89
Put Options (Sell USD/Buy AUD) Settlement				
– less than 6 months	–	3,000	n/a	0.89

Additional Stock Exchange Information

as at 16 August 2011

Number of shareholders

55,768,136 fully paid ordinary shares are held by 2,913 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	784,952	1,343
1,001 – 5,000	3,041,162	1,195
5,001 – 10,000	1,612,545	206
10,001 – 100,000	3,787,436	145
100,001 and over	46,542,041	24
	55,768,136	2,913

Substantial shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA	21,461,455	38.483
DR BRUCE GRAY	10,424,604	18.693
COGENT NOMINEES PTY LIMITED	2,887,764	5.178
	34,773,823	62.354

Twenty largest shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA LIMITED	21,461,455	38.483
ACN 132 442 114 PTY LIMITED	10,234,604	18.352
COGENT NOMINEES PTY LIMITED	2,887,764	5.178
CITICORP NOMINEES PTY LIMITED	2,780,383	4.986
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	2,463,726	4.418
NATIONAL NOMINEES LIMITED	2,059,148	3.692
EQUITY TRUSTEES LIMITED	1,249,179	2.240
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	760,024	1.363
MR ERIK ADRIAANSE	500,000	0.897
SANDHURST TRUSTEES LTD	318,855	0.572
SCJ PTY LTD	300,000	0.538
HOUSE OF MAISTER FINANCIAL SERVICES LIMITED	284,491	0.510
CITY AND WESTMINSTER LIMITED RUSSELL BEDFORD HOUSE	250,000	0.448
PACIFIC SECURITIES INC	250,000	0.448
BANNABY INVESTMENTS PTY LTD	210,000	0.377
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	205,550	0.369
TILL NO 54 PTY LIMITED	190,000	0.341
ATTUNGA NOMINEES PTY LTD	135,385	0.243
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	107,166	0.192
MR KEITH KERRIDGE	100,000	0.179
	46,747,730	83.826

Company Information

for the year ended 30 June 2011

Registered office

Level 33, 101 Miller Street
North Sydney NSW 2060
Tel: +61-2-9940-8400

Principal places of business

Australian office

Level 33, 101 Miller Street
North Sydney NSW 2060
Tel: +61-2-9940-8400

United States office

2-4, 16 Upton Drive
Wilmington MA 01887
Tel: +1-978- 694-9099

European office

Walter-Flex-Strasse 2
Bonn Germany 53113
Tel: +49-228-1840-730

Singapore office

Level 1, 50 Science Park Road
Singapore Science Park II
Singapore 117406
Tel: +65-6308-8370

Company Secretary

Mr Darren Smith

Stock exchange listing

Australian Stock Exchange Limited
ASX code SRX

Share registrar

Boardroom Pty Ltd
Level 7, 207 Kent Street
Sydney NSW 2000 Australia
Tel: 61-2-9290-9600

Auditors

Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
Sydney NSW 2000 Australia

Annual General Meeting

The Annual General Meeting will be held at
10.00am Thursday 27 October 2011 at the
Stamford Grand Hotel North Ryde, NSW Australia