

SIRTeX

Growth

2012 Annual Report



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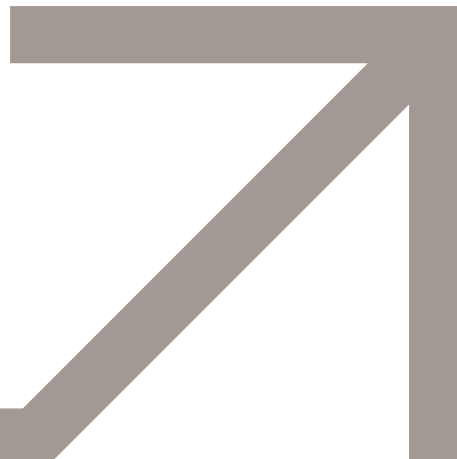
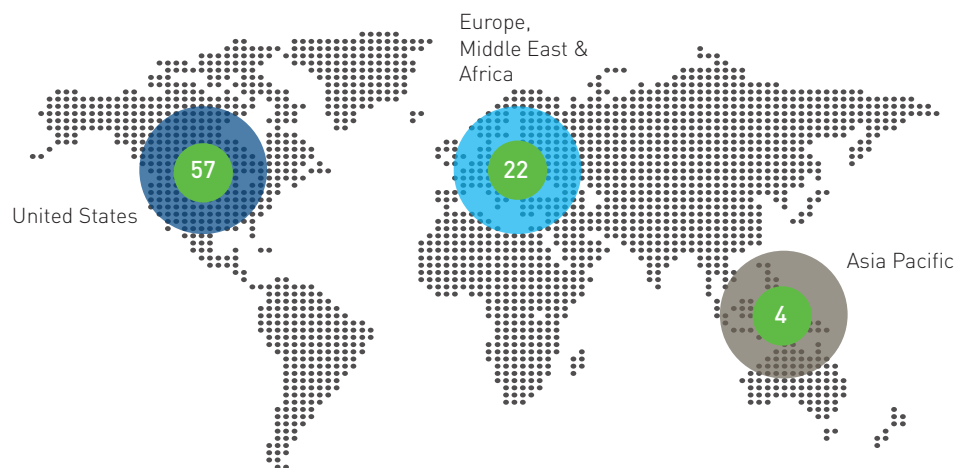
2012 Annual General Meeting

The Annual General Meeting will be held at 10am on 23 October 2012 in Sydney, NSW, Australia. Sirtex's global headquarters is in Sydney, Australia, with regional offices located in Singapore, Germany and the United States. The Company's principal manufacturing facilities are located in Australia, Singapore and the United States.

2012 Financial Snapshot

- Revenue from dose sales grew by 18 per cent to \$83 million
- Profit before tax was up 54 per cent to \$22 million
- Net profit after tax was up 49 per cent to \$17 million
- Dose sales in the US market grew 32 per cent
- Dose sales in the Asia Pacific market grew 37 per cent
- Dose sales in Europe, Middle East & Africa (EMEA) grew by 4 per cent
- US sales revenue was \$57 million, revenue in Asia Pacific was \$4 million and revenue in EMEA was \$22 million
- Cash from operating activities was \$20 million with cash on hand at 30 June 2012 \$49 million
- A fully franked final year dividend of 7 cents per share was paid to all shareholders on 21 October 2011

2012 Dose Sales Revenue \$ Million



SIR-Spheres Microspheres are Transforming the Way Liver Cancer is Treated



A targeted solution

A major problem with current anti-cancer drugs is their lack of selectivity for tumour tissue alone. They often 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) that emits 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.

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.

Growing acceptance among the medical community worldwide

Over 20,000 people have been treated with SIR-Spheres microspheres around the world to date. SIR-Spheres microspheres are used every day by medical professionals in hospitals and liver cancer treatment centres throughout Europe, Australia, the United States and a growing number of Asian countries.

SIR-Spheres microspheres have approval from the US Food & Drug Administration, the Australian Therapeutic Goods Administration and have CE mark approval for use in Europe.

Constant innovation and investment guarantees better solutions

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

Each year thousands of dedicated people work to help inspire hope and educate the wider community about effective new targeted treatments for liver cancer like Sirtex's SIR-Spheres microspheres.



Inspiration: Mother of three, Suzanne Lindley, from Texas in the USA, was treated with SIR-Spheres microspheres in 2004. She now devotes time to help bring a message of hope to other patients with liver cancer through education and awareness about new treatments.

Every year an estimated 1.35 million people worldwide are diagnosed with liver cancer. The news for these people and their families is often devastating when they learn there are limited treatment options available. The experience inspired one young mother and liver cancer patient to start a worldwide patient advocacy group called YES!

In 2003 Suzanne's liver cancer had spread and she was told by her doctors that they had run out of treatment choices for her. Then one day a fellow patient told her about an emerging new treatment called SIR-Spheres microspheres. Suzanne was treated in 2004 with the targeted radiation therapy and responded positively.

The experience got her thinking about how she could help the thousands of others who find themselves in the same

position. Suzanne is now the public face of YES!, a volunteer organisation working to bring hope to the lives of liver cancer patients worldwide through a coordinated program of education, research, advocacy, publicity and direct support for liver cancer patients.

YES! runs several high-profile events to make the wider public aware of the treatment issues faced by liver cancer patients and to develop awareness about treatments. One of the most popular events and initiatives is called 'Hope in the Sand'. It involves people taking photos of the word 'hope' at locations around the world and shared with each other over social media.

Suzanne believes hope is an important message all patients want to hear. 'What used to be viewed as a death sentence can often now be treated as a chronic condition with a multidisciplinary

treatment approach. A lot of patients don't know they have options outside of chemotherapy, and a lot of them are not told,' Suzanne said.

Suzanne says that although there is no permanent cure for her cancer, she knows she is living fully despite of it.

'I have been touched by others as their lives have touched mine and my understanding of hope has blossomed. Hope is the closest thing to a magic wand. Survivorship, for me, means reaching limits you thought beyond your capabilities. Bringing dreams to fruition and finding hope in the hopeless. Believing the improbable is possible', she said.

A Record of Sustained Growth

32

consecutive quarters of growth

630%

growth of \$1 invested in Sirtex since it listed in 2000

830%

growth in the number of people who received SIR-Spheres microspheres from 2005 to 2012

Investment in clinical studies drives long-term growth

5

major clinical studies under way

20

clinical studies under way worldwide

2,400

study patients

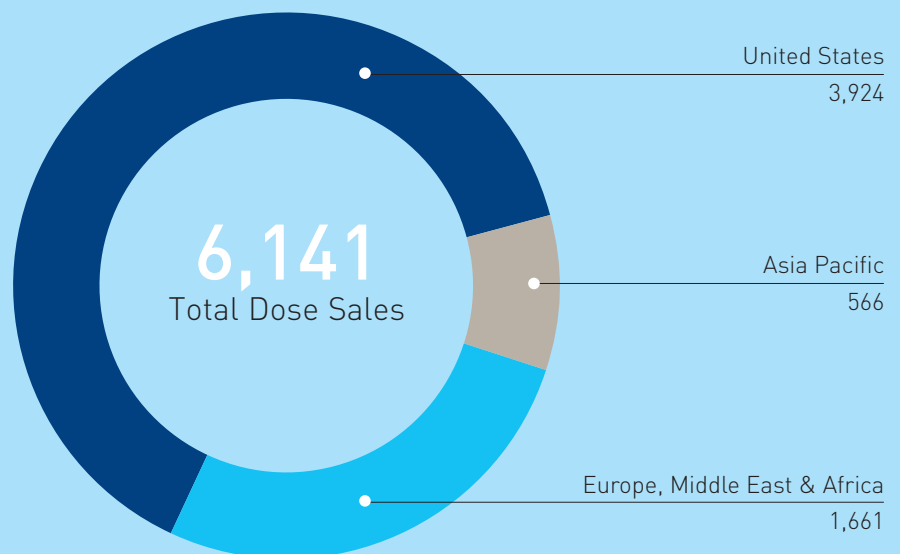
\$13.5 million

investment in clinical studies in 2012

- 
- 2011 Launched a major new clinical study (Soramic) in collaboration with Bayer Schering Pharam AG
SIRveNIB study launched in Asia
Significant increase in clinical support staff worldwide
Moved Australian head office to accommodate growing requirements
Finalised Singapore manufacturing facility
Significant increase in sales and marketing staff in all markets
Achieved record revenue and dose sales in all markets
Second shareholder dividend paid
 - 2010 Start of the FOXFIRE clinical study in collaboration with the University of Oxford
Record dose sales in all geographic markets
Commenced construction of new Asia Pacific regional facility in Singapore
First shareholder dividend paid
 - 2009 Record earnings and dose sales
 - 2008 US manufacturing facility opened
Positive clinical study data reported at the American Society of Clinical Oncology
 - 2007 Start of SIRFLOX international clinical study
 - 2006 Positive clinical data reported at the American Society of Clinical Oncology
 - 2005 Gilman Wong appointed Chief Executive Officer
 - 2004 SIR-Spheres microspheres granted reimbursement in US

Another year of record growth

- Dose sales growth of 23 per cent worldwide.
- 32 consecutive quarters of growth.
- Strong dose sales growth in all geographic markets.
- Total revenue increased by 18.7 per cent.
- Clinical study recruitment up 61 per cent globally.
- Total clinical investment up 18 per cent.
- Staff numbers grew by 36 per cent across all functions.
- Expanded internal capabilities across all functions to support future growth.
- Shareholders received third fully franked dividend of 7 cents.



- Extensive collaboration and engagement with medical opinion leaders worldwide.
- Opened more than 70 new treatment sites worldwide and increased volume at current sites.
- Expanded collaboration with leading research institutions worldwide to advance new product pipeline and ensure long-term growth.
- Identified opportunities for efficiency and growth to advance business performance.
- New safety and efficacy SIR-Spheres microspheres data highlighted at international medical conferences.
- Initiated new 400-patient multi-centre clinical study in France (SARAH) to compare SIR-Spheres microspheres against standard chemotherapy.
- Retrospective 600-patient European clinical study data presented at international conference to reconfirm safety and efficacy.

Regional Markets Update

United States

Performance

- Revenue in the US grew 27 per cent to a record \$57 million.
- Dose sales grew 32 per cent, driven by a combination of new treatment centres and an increase in volume at existing centres.

Market Growth Initiatives

- We are focusing on existing centres with established SIR-Spheres microspheres programs, increasing awareness through education of referring physicians including medical, surgical and radiation oncologists.
- At the same time, we are educating the referring and treating physicians on the benefits of using SIRT earlier in the treatment paradigm versus complimentary and competing technologies.
- In addition to our focus on increasing awareness, we opened 50 new treating centres during the reporting period.
- When opening new centres, we bring together the referring oncology community and their interventional radiology peers early in the process to establish a robust program and gain understanding of which patients will most likely benefit from SIRT.
- These efforts have resulted in a combination of more treating centres, and an increase in the average number of treatments per centre.
- We are dedicated to continual education of the oncology community and establishing SIR-Spheres microspheres as a viable option for patients with metastatic colorectal cancer.

Europe, Middle East & Africa

Performance

- Revenue in Europe declined by 3 per cent to \$22 million due to a weaker Euro.
- Dose sales grew 4 per cent to regain momentum in the second half, driven by growing awareness among referring medical opinion leaders.

Market Growth Initiatives

- Our marketing focus in Europe is centred on medical meetings and key opinion leaders to leverage their experience with SIR-Spheres microspheres.
- Increased reimbursement levels are driven by the availability of additional clinical data generated among participating centres. We continue to apply substantial resources to ensure reimbursement in all markets.
- We are also working to ensure SIR-Spheres microspheres are included in all formal European Union treatment guidelines.
- An active key opinion leader outreach program at major pan-European conferences drives additional interest among the medical referral community.
- Specific focus has been the development of health technology assessments which is expected to further stimulate reimbursement for SIR-Spheres microspheres in key markets.
- Despite the difficult economic conditions, Europe continued to invest in key personnel on a regional basis.

Asia Pacific

Performance

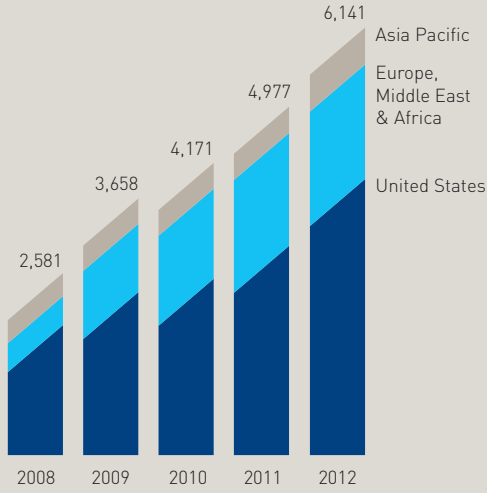
- Revenue in the Asia Pacific region grew 32 per cent to \$4 million.
- Dose sales grew 37 per cent, driven by growing awareness and demand as our new regional office began formal marketing activities and our clinical studies opened new sites.

Market Growth Initiatives

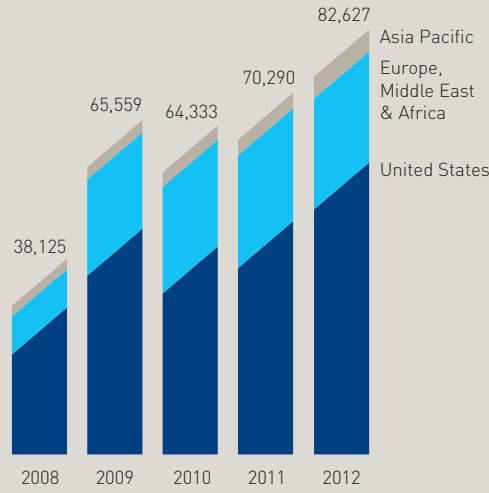
- The regional office in Singapore expanded with the appointment of several experienced oncology staff in sales and marketing and business support functions.
- We have adopted a direct sales business model in Hong Kong, Thailand and the Philippines, where we have appointed highly experienced oncology support staff.
- Closer management of local distributors in Taiwan, Korea and India combined with increased marketing activities also helped lift our profile and dose sales.
- We hosted the inaugural Asia Pacific Medical Oncologists Advisory Board meeting at the Asian Oncology Summit 2012. A key focus was developing a deeper understanding of the treatment algorithms at major institutions and referrals from medical oncologists.
- We opened 10 new treatment sites in the Asia Pacific region and also undertook detailed strategic market entry evaluations for China and Japan.
- Reimbursement is a key focus and in April the Hong Kong Hospital Authority listed SIR-Spheres microspheres on the Medical Equipment & Device List.

2012 Key Figures

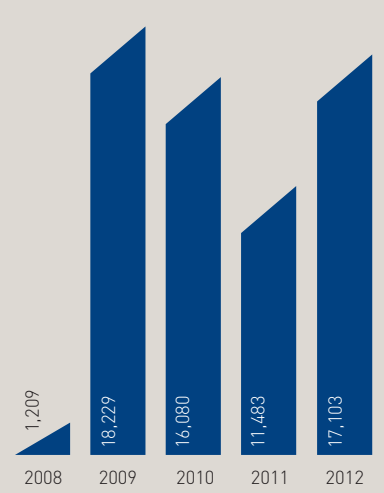
Dose Sales Growth



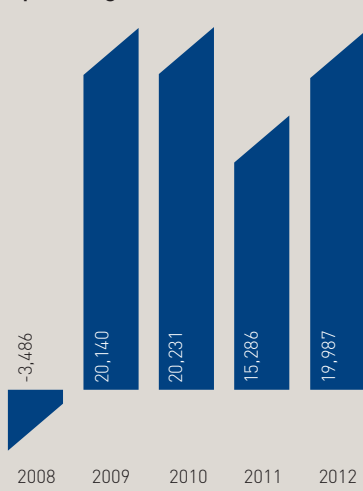
Sales Revenue \$'000



Profit After Tax \$'000



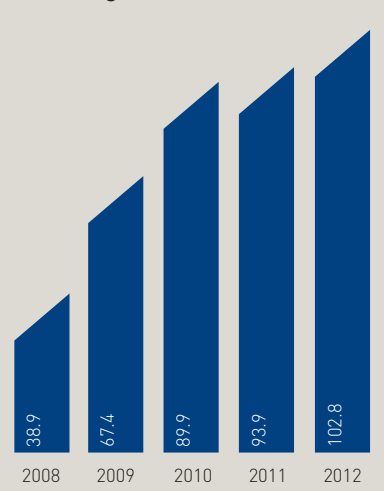
Operating Cash Flow \$'000



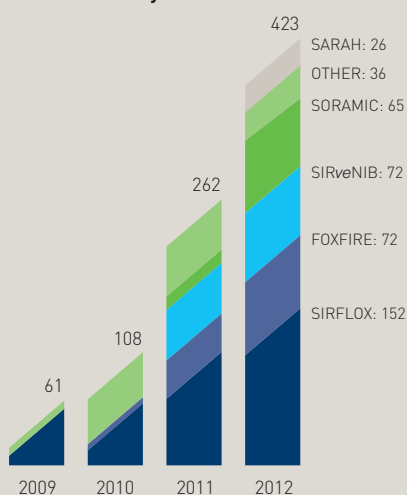
Earnings Per Share Cents



Net Tangible Assets Per Share Cents



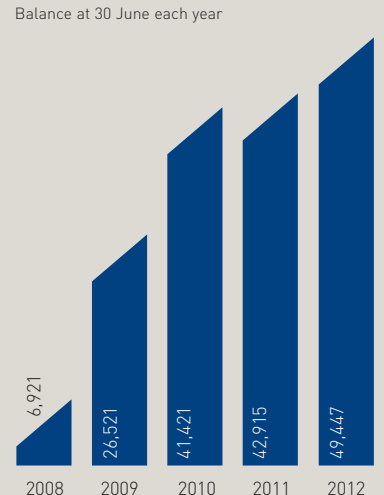
Clinical Study Recruitment



Share Price \$ Prices at 30 June each year



Cash on Hand \$'000



Chairman's Report



Chairman Richard Hill

Overview of performance

I am pleased to present the accomplishments of Sirtex in 2012. Through discipline and strong execution of our strategic business plans, Sirtex has again delivered another year of record revenues and dose sales, achieved solid financial performance and made excellent progress towards our long-term strategic growth objectives.

Revenue increased 18 per cent to \$82.6 million. Dose sales improved 23 per cent, with increases in all regions underpinning another successful year for Sirtex.

Our strong sales performance was the main driver for a 54 per cent improvement in profit before income tax to \$22.1 million, compared to \$14.3 million the previous year. Net profit after tax and basic earnings per share improved 49 per cent to \$17.1 million and 30.7 cents per share respectively.

The business continues to focus on capital management, with cash from operations improving 30.7 per cent to approximately \$20 million. This strong cash-generating ability enables Sirtex to invest in long-term strategies to build level one clinical data and the further evolution of SIR-Spheres microspheres. Despite these investments and the payment of a \$3.9 million dividend (7 cent per share), the Company's cash on hand¹ increased \$6.5 million to \$49.4 million.

Creating value through sustainable long-term growth

Developing our internal capabilities in all areas of the business worldwide helped Sirtex achieve another year of sustained growth.

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

The release this year of yet more independent clinical study data showing 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 amongst our customers in the international medical community.

This growing body of positive clinical evidence supporting wider use of our core SIR-Spheres microspheres product helps ensure our position as a leader in liver cancer and microspheres technology.

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.

Business remains in robust shape

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.

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 continues to on increasing investment back into our business and preparing 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 of our growth and the Sirtex growth story is really only just beginning.

Board and management

There were no changes to the Board of Directors or the executive management team during the year. The stability we enjoy among our workforce is an asset and a key element of our continued success. There has been good progress on the execution of our global growth strategy by the executive management team and the oversight role of the Board has been effective in supporting the achievement of corporate goals. The Board is committed to ensuring the management team has the necessary resources and expertise required to continue to grow the business globally.

We have built a strong and dedicated team led by our Chief Executive Officer Gilman Wong. The executive team continues to successfully and consistently work together and their commitment is why our business is in the sound position we enjoy today. Sirtex's remuneration and long-term incentive policies are a key part of the motivation and retention of our talented staff worldwide. These policies, together with details of the Company's senior executive remuneration structure, are detailed in the Remuneration Report.

Investment in our future

We believe that Sirtex has the potential to grow significantly, particularly if the major clinical studies we have invested in provide a positive result. On this premise, our management team has conducted several detailed strategy meetings looking out at least eight years and have now developed what we term our *2020Vision*. The *2020Vision* strategy provides a focus on what needs to be done to develop the business to ensure we are in a strong position to take full advantage of the growth potential, and helps drive our investment decisions.

We are continuing our investment in R&D. A majority of our R&D activity is focused on SIR-Sphere Evolution. We are also continuing to work on developing new technology, collaborating with groups all over the world.

For the past decade, Sirtex has maintained its strategic focus on its innovative liver cancer treatment and we are now ideally equipped to transform our growing knowledge and expertise into other effective therapies.

Optimistic outlook

Our primary mission as a company is to help clinicians worldwide prolong the lives of patients suffering the terrible effects of liver cancer; this in turn will ensure our success as a business organisation. We are very optimistic about the medium to long-term outlook for our business.

All of the fundamental trends and drivers of our business point in the right direction: a growing, ageing global population; increasingly affluent emerging markets combined with an undiminished need for better clinical outcomes and solutions to address a global disease that is currently not effectively treated.

I am very impressed by the progress made by our teams worldwide as we strive to become a global leader in the treatment of inoperable liver cancer.

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 patients with liver cancer and their families worldwide.

Richard Hill
Chairman

Chief Executive Officer's Report

Sirtex continues to offer a treatment option to an increasing number of patients with inoperable liver cancer and is delivering record results for our shareholders.



Chief Executive Officer Mr Gilman Wong

A promising outlook ahead

Sirtex enjoyed another successful year, with record dose sales and record revenue. The results detailed in this report show our business is firmly fixed in a steady growth trajectory that will carry through into the next decade. This promising outlook is a direct result of the successful implementation of the plans, investment and strategies put in place over the past few years.

What sets Sirtex apart from other successful and profitable healthcare technology companies is the fact that even though we are a profitable successful business growing at healthy rates year-on-year, there is still significant growth potential ahead.

Our global customer base is steadily expanding, a growing body of positive clinical data is fuelling product demand, our global manufacturing, sales and marketing capabilities are robust and a number of promising new therapeutic products are poised to move into the clinic.

During the 2012 financial year we placed great emphasis on refining our plans and strategies looking out at least eight years in what we term our *2020Vision*.

2020Vision aims to define where Sirtex could be in the year 2020 and enables us to develop and implement appropriate strategies and investment decisions to ensure Sirtex is well positioned to take full advantage of its growth potential. This report outlines the progress we made in 2012 towards securing sustainable long-term business success and why we believe the coming years hold great promise for our customers and shareholders.

Another year of record financial performance

In 2012, sales of SIR-Spheres microspheres continued to grow, with dose sales up 23 per cent to 6,141 doses. Over the past five years, dose sales have increased by an average of 24 per cent per annum, with doses sold nearly trebling since 2007. Total sales revenue for 2012 was \$82.6 million, up 18 per cent. 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 of \$17.1 million was an improvement of 49 per cent.

A truly global business

In the US we had an outstanding year, with dose sales increasing by 32 per cent to 3,924 and \$57 million in revenue. The result reflects the successful implementation of targeted strategies and investments made in expanding our US sales and marketing teams over the past two years. During 2012, we relocated the US regional head office into larger facilities in Boston to accommodate both current and future growth of the US business.

The European region faced several challenges in the first half of the financial year. In response, our European team revised strategies and recovered in the second half of the financial year to achieve a sales growth of 4 per cent to 1,661 doses and \$22 million in revenue. We are confident that our European business is well placed to deliver improved performance following a very economically challenging year. The team continues to expand to accommodate future expansion as demand for our product in Europe increases.

Our business in the Asia Pacific region had another excellent year, with sales up by 37 per cent to \$4 million, with 556 doses sold. While this is a good result, we are working from a low base and are still in the very early stages of development in this fast-growing region. We expect this strong growth trend to continue in the Asia Pacific region, and will continue to invest in expanding the team with oncology and clinical support professionals over the next several years. Good progress was made in achieving reimbursement in Hong Kong, and we are working towards attaining this in other Asia Pacific markets.

Overall, we expect dose sales growth to remain strong and consistent in all geographic markets in 2013.

Clinical studies building evidence

Globally, governments are placing increased focus on the spiralling costs of healthcare. Good clinical data is required to demonstrate the clinical value and long-term cost effectiveness of healthcare products. These are prime considerations for Sirtex when we are making investment decisions in clinical studies.

Although the Company's dose sales continue to grow year-on-year, additional clinical data is required from large randomised clinical studies in order to achieve a greater acceptance of SIR-Spheres microspheres by the international medical community.

Accordingly, Sirtex is investing more than \$60 million over a five-year period to build our global clinical support capability and support 20 studies under way around the world. Five of these are major international studies involving over 2,000 patients.

The result of this strategy and investment is that patient enrolment in all of our major studies worldwide continued to accelerate, with recruitment rates improving 61 per cent this year.

We expect the SIRFLOX randomised controlled study will complete patient recruitment early in calendar 2013, and the SIRveNIB clinical study is on track to complete patient recruitment during 2014. The clinical results of both these studies should be available approximately 18 to 24 months after completion of recruitment.

Study Name	Total patients	% Recruitment at 30 June 2012
SIRFLOX	450	90%
FOXFIRE	490	24%
SORAMIC	360	21%
SIRveNIB	360	35%
SARAH	400	7%

A core aim of our clinical investment is to provide the evidence that demonstrates SIR-Spheres microspheres can be an effective first line of treatment for inoperable liver cancer.

The data published from several smaller studies gives us confidence that SIR-Spheres microspheres have the potential to change the way liver cancer is treated worldwide. In addition to the randomised clinical studies, there has been a growing body of clinical evidence and awareness among the medical community and patients about the potential benefits of SIR-Spheres microspheres.

During calendar 2011 there were 138 peer-reviewed publications containing information about SIR-Spheres microspheres. In addition, doctors presented the results of two large studies on SIR-Spheres microspheres in the treatment of inoperable liver cancer. These studies were multi-centre retrospective analyses of patients, with 587 patients in one and 606 in the other. Both demonstrated prolonged survival benefit with the use of SIR-Spheres microspheres.

We are confident our major studies will deliver on their recruitment milestones. Should the studies provide positive results, they will position us even more strongly for future growth.

Strong customer focus drives our R&D

Our investment in R&D is laying the foundations that will underpin our technology leadership position for many years to come.

A significant part of our R&D efforts are focused on the SIR-Spheres Evolution Program which is being conducted in close consultation with customers worldwide. The program aims to provide clinicians with improved ways to simply, efficiently and accurately administer our product to meet individual patient requirements. This will make our product easier to use by a larger number of clinical specialists and facilitate wider market acceptance.

The SIR-Spheres Evolution Program involves the development of a new patient treatment planning system to enable highly tailored, patient-specific therapy planning prior to the administration of SIR-Spheres microspheres. Clinical testing to validate the patient treatment planning system is now under way, with the ultimate goal being even better clinical outcomes.

The program also involves developing new delivery apparatus to facilitate the administration of SIR-Spheres microspheres. During 2012 we completed laboratory testing and validated the underlying mechanism. We are now moving towards finalising the design.

Our strong regulatory, clinical, medical, sales and marketing capabilities are proof that we know how to effectively commercialise new technology. It is imperative that we continually evaluate opportunities and ensure that Sirtex maintains its competitive advantage. To this end, we have made good progress on the next-generation SIR-Spheres microspheres product

and have a large pipeline of promising new technologies.

Our important R&D work is being undertaken in collaboration with leading academic and research bodies worldwide. Specialists from a range of medical, software and engineering disciplines and backgrounds contribute to the program which seeks to identify, develop and commercialise new technologies that build on our current core expertise.

Efficient operations and logistics

We currently supply our SIR-Spheres microspheres product from our own manufacturing plants in the US and Singapore, as well as from the Australian Nuclear Science and Technology Organisation (ANSTO) in Sydney.

Our in-house manufacturing process incorporates state-of-the-art robotic equipment, ensuring we achieve the very highest levels of quality control compliant with all the applicable regulatory requirements globally.

The growth in dose sales coupled with the short half-life of our product provides us with some challenges in manufacturing and logistics that we have met and overcome. As dose sales continue to grow, we have taken steps to further improve operational efficiency and streamline our processes. We have worked with our suppliers, both material and logistics, to ensure we are in a position to satisfy the growing demand for SIR-Spheres microspheres in the years to come.

As part of our *2020Vision* strategy we are evaluating our requirements for additional capacity and enacting plans to make the necessary investments.

Investment in people

As we grow our business to meet the needs of our customers, we are continuing significant investment to build the capability of our workforce in all areas of Sirtex globally. Our priority is to attract and retain the best talent, and over the past year our staff numbers

have increased 36 per cent to 144 full-time employees worldwide. In 2013 we plan to increase this number to over 185.

It is an exciting time for the many new employees who have recently joined Sirtex. This year we developed a focused and comprehensive employee induction system aimed at helping all new employees to quickly absorb our standards and core values. The program gives new employees a good understanding of the needs of our customers and what it is like to be a patient receiving our product, thus ensuring a common focus.

In a competitive global talent market, we enjoy a low staff turnover. This demonstrates the attractive working culture we have developed, and provides another competitive advantage for Sirtex.

The talent, dedication and passion displayed by our staff is a major contributor to our success. We remain deeply committed to providing and maintaining a safe and healthy workplace for all employees, and are implementing a range of initiatives addressing quality of life and work balance.

A confident future

As we look ahead to 2013 and beyond, we expect continued sales growth across all regions due to the growing awareness of the effectiveness of SIR-Spheres microspheres.

During the past several years we have implemented business strategies to develop the business, and these have seen Sirtex grow to be the profitable, robust business it is today.

To address longer term growth, we have made significant investments in large-scale clinical studies. Positive results from these studies will position Sirtex to potentially become a leader in the treatment of inoperable liver cancer.

Our *2020Vision* strategy is aimed at ensuring that Sirtex is in a strong position to take advantage of a step-

change in growth. This includes continued investments in our sales and marketing, clinical, clinical training, manufacturing capacity and logistics. I am confident that within our business we have a growing number of dedicated people with the skills to help us achieve our goals.

On behalf of the Board, I would like to thank every employee for his or her continued efforts to ensure we deliver on our commitment to patients with liver cancer, the medical community and our shareholders.

What is particularly gratifying is that each day the product we make and sell helps a growing number of dedicated medical professionals worldwide bring hope to those who need it most.

Thank you for your continued support and confidence in our company. We look forward to further building on our achievements in 2013.

Gilman Wong
Chief Executive Officer

Other Key Management Personnel*

Darren Smith – Chief Financial Officer and Company Secretary

Experience and Expertise

Mr Smith was appointed Company Secretary in July 2008 and Chief Financial Officer in February 2009. Mr Smith previously held CFO and senior executive finance and general management positions in a number of international, Australian listed and private companies. Mr Smith holds an MBA from the Australian Graduate School of Management (AGSM), The University of New South Wales, a Bachelor of Business from the University of Western Sydney, and he has been a member of CPA Australia for over 20 years.

Responsibilities

Mr Smith has overall responsibility for the Finance function of the group including IT and Human Resources.

Dr Burwood Chew – CEO Asia Pacific

Experience and Expertise

Dr Chew joined Sirtex in January 2011 as Head of the Asia Pacific region. Dr Chew has extensive experience in oncology and for many years has held senior regional positions with Bayer Healthcare, Sanofi-Aventis, and with Wellcome (now GSK). Dr Chew is a medical graduate from the University of New South Wales.

Responsibilities

Dr Chew is based in our regional office in Singapore with responsibility for the development and execution of the strategic direction of Sales and Marketing in Australia, New Zealand and Asia Pacific. This large region comprises heterogeneous markets with direct sales, distributors and licensing partners.

Michael Mangano – President US

Experience and Expertise

Mr Mangano joined Sirtex in January 2010, after 15 years of experience in the medical device industry with Boston Scientific where he had numerous management positions both within the US and internationally.

Responsibilities

Mr Mangano is based in our regional office in the greater Boston area and responsible for the development and execution of the strategic direction of Sales and Marketing in North, Central and Latin America.

Nigel Lange – CEO Europe

Experience and Expertise

Mr Lange joined Sirtex US in 2002, then set up Sirtex operations in Europe. Before joining Sirtex, Mr Lange held senior roles at Nordion Inc (NYSE:NDZ) and has over 20 years of experience in the healthcare industry.

Responsibilities

Mr Lange is based in our regional office in Bonn, Germany, where he is responsible for the development and execution of the strategic direction of Sales and Marketing in Europe as well as the Middle East and Africa, a region which for Sirtex comprises a total of 20 countries with direct sales and distributor sales models.

Dr David Cade – Global Medical Director

Experience and Expertise

Dr Cade joined Sirtex in 2003 and has served as the Chief Medical Officer since 2007. He previously held the positions of US Medical Director based in New York, USA, from 2005 to 2007, and European Medical Director based in Bonn, Germany, from 2003 to 2005. Dr Cade is a medical graduate of Monash University, and holds an MBA from the Melbourne Business School and the ESADE Business School in Barcelona, Spain. Prior to joining Sirtex, Dr Cade worked at Booz Allen Hamilton, a global management consultancy.

Responsibilities

Dr Cade has responsibility for all medical affairs of the group, and is based in the Sydney head office.

Robert Hardie – Head of Global Operations

Experience and Expertise

Mr Hardie joined Sirtex in June 2006 and was appointed Global Head of Operations in October 2006. Mr Hardie previously held senior engineering and management positions in various industry sectors, and has a strong engineering, manufacturing, production planning and logistics background.

Responsibilities

Mr Hardie has overall responsibility for global operations including manufacturing, supply chain management and logistics. Mr Hardie is based in the Sydney head office.

* Excluding Board of Directors. Please refer to the Director's Report on page 18.

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' in its most recent version issued on 30 June 2010. 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 2012 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, which includes, but is not limited to, the following policies and pronouncements:

- Board Charter
- Board Committees
- Audit and Remuneration Committee Charter
- Directors' Code of Conduct
- Securities Trading Policy
- Continuous Disclosure Policy
- Risk Management Policy
- Corporate Code of Conduct

Board Functions

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

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

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

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

- Remuneration
- Audit

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

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

Structure of the Board

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

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

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

The Board has procedures to permit Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense. For further information refer to the Company's website in the 'Corporate Governance' web pages.

The term in office of each Director at the date of this report is as follows:

Name	Term
Richard Hill	8 Years
John Eady	7 Years
Grant Boyce	10 Years
Gilman Wong	7 Years

GEO 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 12 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 reviewing the adequacy of the scope and quality of the annual statutory audit and half-year statutory review. The Audit Committee's 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 to provide and has provided to the Board a report assessing the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

Diversity

The Company has implemented a diversity (Equal Employment Opportunity) policy. Whilst the Company recognises that promoting the role of women at all levels within the organisation, as well as facilitating other diversity initiatives, is important, the Company considers that because of a limited pool of appropriate candidates for many roles, it would be detrimental to the organisation to recruit on any other basis than merit.

At 30 June 2012, the percentage of females working within the organisation was as follows:

	All staff	Female	% Female
All roles	133	58	44%
Board	4	0	0%
Executives	12	1	8%
Other	117	57	49%

Financial Report

For the Year Ended 30 June 2012

Sirtex Medical Limited
Consolidated Entity
ABN 35 078 166 122

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Directors' Report

The Directors of Sirtex Medical Limited present their report, together with the financial statements of the Group, for the year ended 30 June 2012.

Directors

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

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

Experience and Expertise

Mr Hill was appointed 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 last 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 – Deputy
Chairman (Non-Executive)
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 and North America.

Directorships held in other listed entities during the last three years

Nil

Special Responsibilities

Chairman of the Remuneration Committee and Member of the Audit Committee

Interest in Shares and Options

5,000 ordinary shares in Sirtex Medical Limited

Grant Boyce – Director
(Non-Executive)
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 last 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 last three years

Nil

Interest in Shares and Options

182,188 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

64,000 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)	12	12	8	8	3	3
Dr J Eady	12	12	8	8	3	3
G Boyce	12	12	8	8	3	3
G Wong	12	12	–	–	–	–

Principal activities

Sirtex Medical Limited and its controlled entities ('the 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, EMEA (Europe, Middle East & Africa) and the United States of America.

Review of operations and financial results

Revenue from the sale of goods for the year ended 30 June 2012 was \$82,627,741, representing an increase of 18% from the previous year's \$70,285,924. Foreign currency fluctuations had a mixed impact on the business. The US dollar depreciated against the Australian dollar from 30 June 2011 to 30 June 2012 by 4%, resulting in higher volume growth than revenue growth, and the Euro declined by 9.3% during the period, resulting in revenue growth in EMEA remaining behind volume growth when converted into Australian dollars.

Sales volumes, measured in dose sales, grew by 23% over last year, with all regional markets contributing to the growth. The key US market, representing approximately 64% of total dose sales, achieved growth of 32%, selling 3,924 doses. Dose sales in EMEA grew by 4%, selling 1,661 doses, and Asia Pacific achieved 37% growth with promising opportunities as the business continues to develop new markets within Asia Pacific.

Gross margin increased marginally to 81% for the year ended 30 June 2012 compared to 80.8% for last financial year as a result of higher manufacturing volumes. Profit after tax for the year ended 30 June 2012 was \$17,103,213, an increase of 49% (2011: \$11,479,332).

A significant part of the Group's clinical activities is focused on five major post-marketing clinical trials. Consistent with last year, expenditure for these trials has been capitalised as they continue to satisfy the recognition criteria for internally generated intangible assets. Capitalised costs incurred for these trials as well as for two smaller development projects during the financial year ended 30 June 2012 represent a total of \$8,544,713 compared to \$6,631,261 for the previous financial year.

Dividends

An ordinary dividend of 7 cents per share was declared for the financial year ended 30 June 2011 and paid during the financial year ended 30 June 2012.

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 those 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

Sirtex Medical Limited and its related entities comply with all environmental regulations in all jurisdictions in which it operates.

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 Vesting	Exercise Price \$	Number under Rights
22 February 2011	30 June 2013	nil	374,188
23 August 2011	30 June 2014	nil	456,000

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 2012, there were no ordinary shares of Sirtex Medical Limited issued on the exercise of options. No share options have been issued during the year, and no share options are outstanding at 30 June 2012.

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:

	2012	2012	2011	2011
	Ordinary Shares	Performance Rights	Ordinary Shares	Performance Rights
R Hill	–	–	–	–
Dr J Eady	5,000	–	–	–
G Boyce	5,000	–	5,000	–
G Wong	–	182,188	–	90,188

Indemnification of officers and auditors

During 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 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

On 24 July 2012, the Directors decided to issue a new tranche of Executive Performance Rights. A total of 547,000 performance rights will be offered to Executives and senior managers of the Company, and a total of 140,000 performance rights will be offered to the Chief Executive Officer subject to shareholder approval.

On the 3 August 2012, the Company announced plans to triple manufacturing capacity of SIR-Spheres microspheres in the United States. 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.

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.

A total of \$117,000 has been paid as remuneration of the auditor of the parent entity and a total of \$95,000 has been paid as remuneration of the auditors of subsidiaries for audit and review of financial reports for the year.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 30 of the financial report and forms part of the Directors' Report.

Rounding off of amounts

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

Remuneration report

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

1. Remuneration Policies

1.1. Non-Executive Director Remuneration

1.1.1. Policy

The Board's policy for setting non-executive directors' fees is to position them around the middle of the market practice for comparable non-executive director roles in companies listed on the Australian Securities Exchange (ASX). Non-executive director fees are expressed as inclusive of superannuation contributions. Retirement benefits other than those funded via superannuation contributions are not provided for non-executive directors. Options and other forms of equity are not provided to non-executive directors as part of their remuneration packages.

The current policy for setting non-executive directors' fees is consistent with ASX Listing Rule 10.17.2 which requires that any fees to be paid to non-executive directors be paid as a fixed sum. The aggregate fees limit is \$625,000 and was approved by shareholders in October 2010.

1.1.2. Individual Remuneration of Non-Executive Directors

The following table outlines the remuneration paid to each non-executive director:

Name	Role(s)	Year	Board Fees \$	Committee Fees \$	Super-annuation \$	Other Benefits \$	Equity \$	Total \$
R Hill	Chairman of the Board	2012	145,250	–	–	–	–	145,250
		2011	140,000	–	–	–	–	140,000
Dr J Eady	Deputy Chair & Chair of Remuneration Committee	2012	64,840	5,188	25,922	–	–	95,950
		2011	39,398	5,000	48,102	–	–	92,500
G Boyce	Non-Executive Director & Chair of Audit Committee	2012	72,625	10,375	–	–	–	83,000
		2011	70,000	10,000	–	–	–	80,000
Total		2012	282,715	15,563	25,922	–	–	324,200
		2011	249,398	15,000	48,102	–	–	312,500

1.2. Executive Remuneration (Other Key Management Personnel)

1.2.1. Policy

The Board's policy for setting executive remuneration is to determine the midpoints for Base Packages (the annual company cost of salary, superannuation contributions, other benefits and fringe benefits tax) around the middle of market practice for comparable executive roles in companies operating in the country in which the executive is located. For executives located in Australia these companies are ASX listed companies of similar size to Sirtex Medical Limited (the Company) and as far as possible have operational characteristics similar to the Company. For each executive role a range from 80% to 120% of the Base Package policy level is used to recognise the competence of the individual in fulfilling the role. It is intended that a competent incumbent fulfilling the role to the extent of expectations would receive a Base Package close to the midpoint (100%) level, and that higher positioning would be reserved for outstanding individuals. Any individual who has a Base Package outside the 80% to 120% range is noted and managed as an exception with a view to bringing the Base Package within the range over time. The selection of this policy for Base Packages aims to ensure that fixed remuneration for executives is consistent with market practice yet Company fixed costs are controlled at reasonable levels.

In addition to Base Packages, executives participate in short-term incentive (STI) plans and a long-term incentive (LTI) plan, which are considered 'at-risk' remuneration. Base Package combined with the target levels of STI and LTI aim to bring the Total Remuneration Packages (TRPs) up to around the 75th percentile of relevant market practice. The 75th percentile is the level at which 75% of the market TRPs fall below the Company's target TRP and 25% fall above the Company's target TRP. The addition of the STI and LTI aims to ensure that the TRPs have a strong focus on performance and incentives are appropriately balanced between short and long-term objectives. The target level of performance aims to be challenging but achievable. A stretch level of opportunity is attached to the LTI. Its purpose is to encourage executives to strive for outstanding performance and if achieved will allow them to realise TRPs in the upper quartile of market practice.

The foregoing policy aims to enable the Company to attract, retain and motivate the calibre of executives required for the Company to achieve its challenging business plans. The remuneration profiles that result from this approach are as shown in the 2012 year table below but have been adjusted to increase the performance focus for the 2013 year as shown below.

Remuneration Profiles expressed as % of base packages – 2012

Remuneration element	Managing Director		Direct Reports	
	Target (%)	Stretch (%)	Target (%)	Stretch (%)
Base package	100	100	100	100
STI – target	30	30	25	25
LTI	45	90	25	50
TRP	175	220	150	175

Remuneration Profiles expressed as % of base packages – 2013

Remuneration element	Managing Director		Direct Reports	
	Target (%)	Stretch (%)	Target (%)	Stretch (%)
Base package	100	100	100	100
STI – target	30	30	25	25
LTI	45	135	25	75
TRP	175	265	150	200

The following table indicates the extent to which the executive remuneration policy is related to Company performance:

Policy Area	Relationship to Company Performance
Base Package	Base Package is linked to Company performance via benchmarking which takes market capitalisation (largely linked to share price) into consideration.
Incentives	<p>The incentive policy is linked to Company performance and is used to focus executive performance on those behaviours that are expected to lead to good or outstanding Company performance. The key performance indicators (KPIs) and hurdles selected to measure performance for the purposes of incentives are linked directly to Company performance or indirectly to outcomes that are expected to contribute to Company performance.</p> <p>The policy also seeks to ensure that an appropriate mix of STI and LTI are offered to each role according to the impact that the role may have upon the short and long-term performance of the Company. Internal perspectives of Company performance tend to be related to revenue, profit, growth in intrinsic value, achievement of milestones or business unit outcomes. Internal performance indicators tend to be the focus of short-term incentives under the policy. External perspectives of performance tend to focus on market value, share price or TSR which may or may not be related to the Company's actual performance as these indicators tend to be highly influenced by external factors. External performance indicators tend to be the focus of long-term incentives under the policy.</p> <p>Orienting target incentives to achieve TRPs that fall between P50 and P75 of the market helps retain the calibre of executives needed and encourages a culture of performance more strongly than would a policy targeted around a lower positioning.</p>

Directors' Report

1.2.2. Individual Remuneration of Executives

The following table outlines the individual remuneration of executives for the years ending 2011 and 2012 from the perspective of the accounting standards and the Corporations Act. It should be noted that while this approach is compulsory, it arguably does not provide a clear view of the actual remuneration package offered to an individual in a given year. For example the disclosed LTI amount is an amortised accounting charge usually encompassing a portion of grants for a number of years rather than the target LTI offered as remuneration for the 2012 financial year.

Name	Year	Short-term benefits						Long-term benefits		Total Remuneration Package \$	
		Salary	Super-annuation	Other benefits	Base package		Bonus	Share-based payments			
		\$	\$	\$	\$	% of TRP	\$	% of TRP	\$		% of TRP
G Wong	2012	483,202	49,048	–	532,250	68	110,000	14	141,608	18	783,858
	2011	464,801	15,199	–	480,000	85	55,000	10	27,946	5	562,946
D Smith	2012	330,775	15,775	–	346,550	74	70,000	15	49,598	11	466,148
	2011	284,801	15,199	–	300,000	84	48,000	13	9,606	3	357,606
R Hardie	2012	324,925	15,775	–	340,700	77	55,000	12	46,231	10	441,931
	2011	249,801	15,199	–	265,000	89	25,000	8	8,428	3	298,428
Dr D Cade	2012	250,225	15,775	–	266,000	77	40,000	12	39,398	11	345,398
	2011	241,201	15,199	–	256,400	89	25,000	9	8,149	3	289,549
M Mangano	2012	337,242	3,876	24,757	365,875	73	84,310	17	51,370	10	501,566
	2011	319,680	–	32,758	352,438	87	44,697	11	10,226	3	407,361
N Lange	2012	364,715	–	85,493	450,208	80	62,241	11	51,370	9	563,818
	2011	314,150	–	130,391	444,541	94	20,627	4	10,226	2	475,394
M van den Berg ⁽¹⁾	2012	–	–	–	–	–	–	–	–	–	–
	2011	375,129	6,430	–	381,559	100	–	–	–	–	381,559
D Turner ⁽²⁾	2012	–	–	–	–	–	–	–	–	–	–
	2011	371,287	–	–	371,287	90	33,748	8	8,614	2	413,649
Dr B Chew	2012	307,787	–	28,791	336,578	78	43,090	10	51,370	12	431,038
	2011	152,870	–	19,262	172,132	67	76,150	29	10,226	4	258,508
Total	2012	2,398,870	100,250	139,051	2,638,171	75	464,641	13	430,946	12	3,533,758
	2011	2,773,720	67,226	182,411	3,023,357	88	328,222	10	93,421	3	3,445,000

(1) 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.

(2) D Turner ceased to be part of key management personnel for the year ended 30 June 2012.

2. Performance-Related Remuneration

The STI is designed to encourage outstanding performance under two equal broad headings, being overall Company performance as measured by Company earnings before interest, tax, depreciation and amortisation, excluding FX, Clinical and R&D expenditure (normalised EBITDA) and individual contributions. The selection of Company EBITA was designed to encourage team work and a one-company approach by all members of the top executive team. STI awards for the Company performance component are nil for less than 95% of budget, 12.5% the target award opportunity for 95% of budget, 50% of the target award opportunity of achieving budget and pro-rata between 95% and 100% of budget. Up to 55% of the target award opportunity may be earned for exceeding budget by 10% but a corresponding reduction in the individual component occurs so as to maintain the maximum STI award opportunity. A range of factors e.g. leadership, expense control, contribution margin and progress against milestones, are used to assess individual performance, and are factors, judged by the Board as most likely to contribute to Company success. Actual performance is judged by the Board after receiving input from the Managing Director in relation to his Direct Reports.

The LTI plan operates on the basis of annual grants of Performance Rights (when a parcel of Performance Rights vests it is paid as to \$1,000 in cash and the remaining value is paid in Sirtex shares purchased on market). Vesting of the Performance Rights is subject to Sirtex's total shareholder return (TSR) over a measurement period commencing at the beginning of the financial year of the grant and ending three years later. TSR is the cumulative gain over a period for shareholders from growth in the share price and dividends, assuming that dividends are reinvested into the Company's shares. TSR was chosen because it reflects Company performance from the perspective of shareholders. While other measures of performance have merit, the Board at the time preferred to limit the measures used to one so as to simplify the operation of the LTI plan. Absolute TSR using the scale in table 2.1 is used to assess performance. Sirtex's TSR will be calculated either by an independent third party or by the Company with the calculations checked by the Company's auditor. In selecting the 15%, 20% and 30% as the threshold, target and stretch levels of TSR respectively, it was noted that 12% is the accepted long-term average return received by shareholders from investing in stocks on major stock exchanges around the world. It was also recognised that investors in Sirtex would be seeking returns in excess of the long-term average. Absolute TSR was seen as more relevant to Sirtex and less complex to administer than relative TSR which is increasingly being criticised by various stakeholders. The approach to calculation of the Company's TSR was selected to ensure accuracy. The LTI plan has been in operation since the 2010–11 year and two grants of Performance Rights have been made.

Performance level	TSR over measurement period	% of rights to vest
< Threshold	<52.09% ie 15% CAGR*	–
Threshold	52.09% ie 15% CAGR*	25%
	>52.09% & <72.8%	Pro-rata
Target	72.8% ie 20% CAGR*	50%
	>72.8% & <119.7%	Pro-rata
Stretch	≥119.7% ie 30% CAGR*	100%

*CAGR = compound annual growth rate

No equity instruments were provided to Key Management Personnel (KMP) during the financial year ended 30 June 2012 that did not have performance-related vesting conditions.

Directors' Report

3. Equity

No options were granted to or held by KMP during the financial year ended 30 June 2012.

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:

2012

KMP	Grant Details			Exercised		Vested		Forfeited	
	Date	No.	Value	No.	\$	No.	\$	No.	\$
G Wong	23 August 2011	92,000	206,062	–	–	–	–	–	–
D Smith	23 August 2011	33,000	73,913	–	–	–	–	–	–
R Hardie	23 August 2011	33,000	73,913	–	–	–	–	–	–
Dr D Cade	23 August 2011	24,000	53,755	–	–	–	–	–	–
M Mangano	23 August 2011	33,000	73,913	–	–	–	–	–	–
N Lange	23 August 2011	33,000	73,913	–	–	–	–	–	–
Dr B Chew	23 August 2011	33,000	73,913	–	–	–	–	–	–
Total		281,000	629,382						

2011

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 issued during the year ended 30 June 2012 has been determined using a Monte Carlo simulation model, using the following input parameter:

Issue date	23 August 2011
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	5.21%

The performance condition for vesting is Total Shareholder Return (TSR), measured over a period of three years. The number of rights vested is determined as follows:

Issue date	23 August 2011
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
				\$	\$	\$
23 August 2011	Sirtex Medical Limited	1:1 Ordinary shares in Sirtex Medical Limited	From vesting date to 30 June 2018	nil	2.24	nil

4. Company Performance

The following tables present information required under the Corporations Act:

Date	Revenue	Profit after tax	Share price	Change in share price	Dividends	Short-term change in shareholder value over 1 year (SP increase + dividends)		Long-term (cumulative) 3 years' change in shareholder value	
	\$M	\$M	\$	\$	\$	\$	%	\$	%
30 June 2007	33.3	(1.6)	3.44						
30 June 2008	38.1	(1.2)	3.00	(0.44)	–	(0.44)	(13)		
30 June 2009	65.6	18.2	3.35	0.35	–	0.35	12		
30 June 2010	64.3	16.1	4.90	1.55	0.07	1.62	48	1.53	44
30 June 2011	70.3	11.5	4.90	–	0.07	0.07	1	2.04	68
30 June 2012	82.6	17.1	6.09	1.19	0.07	1.26	26	2.95	88

It should be noted that there are more sophisticated measures of Company performance than those shown above. One of these is called TSR Alpha™. It seeks to assess company performance while taking into account an estimate of the returns that share price movements have indicated that investors in a broad range of companies expected, given the risks involved in investing in a particular company. This is intended to remove whole-of-market movements from the assessment and highlight changes to the intrinsic value of the enterprise as measured via TSR Alpha™. It is being used by companies seeking to gain a clearer understanding of performance from the perspective of shareholders, given the market circumstances that prevailed over the measurement period.

If TSR Alpha™ is zero, shareholders' expectations are likely to have been satisfied; if TSR Alpha™ is negative, shareholders' expectations have not been met; and if TSR Alpha™ is positive, shareholders' expectations have been exceeded. Analysis undertaken by The KBA Consulting Group indicates that Sirtex's TSR Alpha™ over the 3 and 5 years up to the end of June 2012 have been 18.5% and 17.5%, respectively. These levels indicate that shareholders' expectations have been exceeded. It should also be noted that these levels of TSR Alpha™ would have placed Sirtex's performance around the 75th percentile of the top 500 ASX listed companies.

The LTI is the main component of executive remuneration that is intended to be strongly related to external indicators of Company performance. As the first grant of Performance Rights was in February 2011, with a measurement period of three years ending at the end of June 2013, a full year remains before the first performance measurement period is completed and the first grant of Performance Rights may vest.

Directors' Report

5. Contract Details

The following table outlines contract details applicable to current executive KMP incumbents:

Name	Position held at 30 June 2012	Duration of contract	Period of notice		Termination Payments
			From Company	From KMP	
G Wong	Chief Executive Officer	No fixed term	6 months	6 months	–
D Smith	Chief Financial Officer	No fixed term	6 months	6 months	–
R Hardie	Global Head of Operations	No fixed term	6 months	6 months	–
Dr D Cade	Chief Medical Officer	No fixed term	6 months	6 months	–
M Mangano	President US	No fixed term	6 months	6 months	–
N Lange	CEO Europe Region	No fixed term	6 months	6 months	6 months
Dr B Chew	CEO Asia Pacific	No fixed term	6 months	6 months	–

6. Strike Comments Responses

At the 2011 AGM, more than 25% of votes cast on the Remuneration Report resolution were against, which constituted what has become known as a 'strike' under the Corporations Act. The Board invited shareholders to provide comments on the Company's KMP remuneration policies and practices and has given careful consideration to those comments. As a result, some adjustments to executive KMP remuneration going forward have been made. Up-to-date, independent advice will be sought on non-executive director remuneration before any changes are made to non-executive director remuneration structure.

In relation to executive KMP remuneration, the Board has decided to make some changes that will affect the short and long-term incentive plans for the 2012–13 year and to have the market competitiveness of executive remuneration packages independently reviewed. This is planned for late in the 2012 calendar year.

A letter was sent to all shareholders in August 2012 outlining in detail the changes to be made to the STI and LTI plans in response to comments by shareholders. Copies of this letter may be obtained from the Company Secretary.

7. External Remuneration Consultant Advice

During the year KMP remuneration recommendations were received from external remuneration consultants. The consultants and the amount payable for the information and work that led to their recommendations are listed below:

Consultant	Remuneration Payable for the Advice
Godfrey Remuneration Group Pty Limited	\$1,680

The consultant also provided other advice during the year and the kinds of advice and remuneration payable for such advice is summarised below:

Consultant	Kind of Advice	Remuneration Payable for the Advice
Godfrey Remuneration Group Pty Limited	Advice to the Remuneration Committee on market movements in executive remuneration in various overseas countries/regions and assistance in responding to comments on the Remuneration Report.	\$6,800

So as to ensure that KMP remuneration recommendations were free from undue influence from the KMP to whom they relate, the Company established policies and procedures governing engagements with external remuneration consultants. The key aspects include:

- KMP remuneration recommendations may only be received from consultants who have been approved by the Board. This is a legal requirement. Before such approval is given and before each engagement, the Board ensures the consultant is independent of KMP.
- As required by law, KMP remuneration recommendations are only received by non-executive directors, mainly the Chair of the Remuneration Committee.
- The Company has also established a policy covering engagement of external remuneration consultants. This policy seeks to ensure that the Board controls any engagement by management of Board-approved remuneration consultants to provide advice other than KMP remuneration recommendations and any interactions between management and external remuneration consultants when undertaking work leading to KMP remuneration recommendations.

The Board is satisfied that the KMP remuneration recommendations received were free from undue influence from KMP to whom the recommendations related. The reasons the Board is so satisfied include that it is confident that the policy for engaging external remuneration consultants is being adhered to and is operating as intended, the Board has been closely involved in all dealings with the external remuneration consultants and each KMP remuneration recommendation received during the year was accompanied by a legal declaration from the consultant to the effect that their advice was provided free from undue influence from the KMP to whom the recommendations related.

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



Gilman Wong
Director
29 August 2012



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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 2012, 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.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to be "A G Rigele".

A G Rigele
Partner - Audit & Assurance

Sydney, 29 August 2012

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 35 to 66, 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 2012 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 s 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, 29 August 2012



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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 statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and 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 of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. 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.



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 Company's and consolidated entity's financial position as at 30 June 2012 and of their 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 22 to 29 of the directors' report for the year ended 30 June 2012. 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 2012, complies with section 300A of the Corporations Act 2001.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to be "A G Rigele".

A G Rigele
Partner - Audit & Assurance

Sydney, 29 August 2012

Statement of Comprehensive Income

for the year ended 30 June 2012

		Consolidated	
	Note	2012 \$'000	2011 \$'000
Revenue from the sale of goods	2(a)	82,627	70,286
Cost of sales		(15,669)	(13,543)
Gross profit		66,958	56,743
Other revenue	2(b)	3,948	2,668
Marketing expenses		(27,896)	(22,338)
Research expenses		(6,590)	(6,101)
Regulatory expenses		(535)	(446)
Quality assurance expenses		(1,042)	(616)
Clinical trial expenses		(4,137)	(4,421)
Administration expenses		(8,545)	(7,389)
Other expenses		(43)	(3,750)
Profit before income tax		22,118	14,350
Income tax expense	4	(5,015)	(2,871)
Profit for the year		17,103	11,479
Other comprehensive income			
Foreign currency translation (net of tax) of foreign operations		(429)	908
Total comprehensive income for the year attributable to members of the parent entity		16,674	12,387
		Cents	Cents
Earnings Per Share			
Basic earnings per share	19	30.7	20.6
Diluted earnings per share	19	30.2	20.4
Dividends per share	20	7.0	7.0

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

Statement of Financial Position

as at 30 June 2012

		Consolidated	
	Note	2012 \$'000	2011 \$'000
Current Assets			
Cash and cash equivalents	5	13,447	42,915
Other short-term deposits under 1 year	6	36,000	–
Trade and other receivables	7	18,160	14,149
Inventories	8	889	1,025
Financial assets	9	457	430
Other current assets	10	1,648	741
Current tax assets	11(a)	30	312
Total – Current Assets		70,631	59,572
Non-Current Assets			
Property, plant and equipment	12	6,633	6,808
Intangible assets	13	16,082	7,785
Deferred tax assets	11(b)	3,310	2,476
Total – Non-Current Assets		26,025	17,069
Total Assets		96,656	76,641
Liabilities			
Current Liabilities			
Trade and other payables	14	8,753	8,583
Current tax liabilities	15(a)	1,144	–
Short-term provisions	16(a)	6,594	5,084
Total – Current Liabilities		16,490	13,667
Non-Current Liabilities			
Long-term provisions	16(b)	760	360
Deferred tax liabilities	15(b)	5,858	2,472
Total – Non-Current Liabilities		6,618	2,832
Total Liabilities		23,108	16,499
Net Assets		73,548	60,142
EQUITY			
Issued capital	17	23,521	23,521
Reserves	18	287	81
Retained earnings		49,740	36,540
Total – Equity		73,548	60,142

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

Statement of Changes in Equity

for the year ended 30 June 2012

	Ordinary Shares \$'000	Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Profits \$'000	Total \$'000
<i>Consolidated Entity</i>					
Balance at 1 July 2010	23,521	–	(943)	28,965	51,543
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	–	–	909	11,479	12,388
Share rights reserve	–	115	–	–	115
Dividends paid or provided for	–	–	–	(3,904)	(3,904)
Balance at 30 June 2011	23,521	115	(34)	36,540	60,142
Foreign currency translation reserve	–	–	(429)	–	(429)
Profit attributable to members of parent entity	–	–	–	17,104	17,104
Total comprehensive income for the year attributable to the members of parent entity	–	–	(429)	17,104	16,675
Share rights reserve	–	635	–	–	635
Dividends paid or provided for	–	–	–	(3,904)	(3,904)
Balance at 30 June 2012	23,521	750	(463)	49,740	73,548

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

Statement of Cash Flows

for the year ended 30 June 2012

	Note	Consolidated	
		2012 \$'000	2011 \$'000
Cash Flows From Operating Activities			
Receipts from customers		79,815	69,043
Payments to suppliers and employees		(58,732)	(52,191)
Receipts from government grants		–	56
Receipts from licence fees		–	178
Recovery of legal fees		500	2,575
Interest received		1,993	1,981
Net income tax paid		(3,589)	(6,356)
Net cash provided by operating activities	5(b)	19,987	15,286
Cash Flows From Investing Activities			
Investment in other short-term deposits		(36,000)	–
Purchase of plant and equipment		(1,092)	(3,377)
Internally generated intangible assets		(8,545)	(6,631)
Net cash used in investing activities		(45,637)	(10,008)
Cash Flows From Financing Activities			
Payment of dividends		(3,818)	(3,784)
Net cash used in financing activities		(3,818)	(3,784)
Net (decrease)/increase in cash held		(29,468)	1,494
Cash and cash equivalents at the beginning of financial year		42,915	41,421
Cash and cash equivalents at the end of financial year	5(a)	13,447	42,915

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

Notes to the Financial Statements

for the year ended 30 June 2012

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 Limited and controlled entities.

Compliance with Australian Accounting Standards ensures that the financial report of Sirtex Medical Limited 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 28 August 2012.

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 Limited has the power to control the financial and operating policies 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 Limited 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.

Notes to the Financial Statements

for the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (continued)

(f) Intangibles (continued)

Research and development

Development costs have been capitalised to the extent they satisfy the recognition criteria for internally generated intangible assets. Therefore, development expenditure for a total of \$8,544,713 has been recognised as an intangible asset for the financial year ended 30 June 2012.

Following the initial recognition of the capitalised 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.

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 2012

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 has an Executive Performance Rights Plan in place.

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 22 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 Limited 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 2012

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 2012, a total of \$100,712 (2011: \$455,000) 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 2012, 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 22.

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 2012

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 10: Consolidated Financial Statements: Replacement of consolidation requirements in AASB 127 *Consolidated and Separate Financial Statements* (applicable for annual reporting periods ending on or after 31 December 2013)

This amendment broadens the situations when an entity is considered to be controlled by another entity for the purpose of the preparation of consolidated financial statements. The Group has not yet determined the potential impact on the financial statements.

AASB 12 Disclosure of Interests in Other Entities:

Amendments to disclosure requirements in AASB 127, AASB 128, and AASB 131 (applicable for annual reporting periods ending on or after 31 December 2013)

This amendment combines the disclosure requirements relating to an entity's interests in subsidiaries, joint arrangements, associates, and structured entities. The Group has not yet determined the potential impact on the financial statements.

AASB 13 Fair Value Measurement: (applicable for annual reporting periods ending on or after 31 December 2013)

The Standard establishes a single source of guidance for determining the fair value of assets and liabilities and expands the disclosure requirements for all assets and liabilities carried at fair value. The Group has not yet determined the potential impact on the financial statements.

AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (applicable for annual reporting periods ending on or after 31 December 2014)

The Standard deletes individual key management personnel disclosure requirements for disclosing entities that are not companies. The Standard will not have an impact on the financial statements.

AASB 2011-07: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards (applicable for annual reporting periods ending on or after 31 December 2014)

This Standard makes consequential amendments to various Australian Accounting Standards arising from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128.

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income (AASB 1) (applicable for annual reporting periods ending on or after 30 June 2013)

The amendments will change the separation and classification of components of other comprehensive income between reclassification adjustments and those that will not be affected. The Group has not yet determined the potential impact on the financial statements.

Notes to the Financial Statements

for the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (continued)

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

AASB 119 Employee Benefits: (applicable for annual reporting periods ending on or after 31 December 2013).

The main change introduced by this Standard is to revise the accounting for defined benefit plans. The Standard is unlikely to have an impact on the financial statements.

AASB 2012-5: Amendments to Australian Accounting Standards arising from the Annual Improvements 2009-2011 cycle (applicable for annual reporting periods ending on or after 31 December 2013)

These amendments are a consequence of the annual improvement process which provides a vehicle for making non-urgent but necessary amendments to Standards. The Standard will not have an impact on the financial statements.

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 2012

	Consolidated	
	2012 \$'000	2011 \$'000
2. Revenue and Other Income		
(a) Revenue from the sale of goods	82,627	70,286
(b) Other revenue from ordinary activities		
Grant income	–	56
Licensing income	–	178
Income from financial institutions	2,317	2,390
Recovery of legal fees	500	–
Other	1,131	44
	3,948	2,668

	Consolidated	
	2012 \$'000	2011 \$'000
3. Profit for the Year		
Profit from ordinary activities before income tax includes the following expense items:		
Cost of sales	15,669	13,584
Employee benefits expense		
Superannuation contributions	574	329
Other employee benefits expenses	22,781	19,117
Depreciation and amortisation of		
Plant and equipment	1,169	690
Intangible assets	253	285
Operating lease expenses		
Minimum lease payments	810	571
Foreign exchange losses		
Realised foreign exchange (gains)/losses	(146)	1,704
Unrealised foreign exchange (gains)/losses	(595)	960

Notes to the Financial Statements

for the year ended 30 June 2012

	Consolidated	
	2012 \$'000	2011 \$'000
4. Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	3,079	1,541
Deferred tax	2,552	1,923
Overprovision in respect of prior years	(616)	(593)
	5,015	2,871
(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	22,118	14,350
Prima facie tax payable on profit from ordinary activities before income tax at 30%	6,635	4,305
Add/(less): Tax effect of		
– Non-deductible amortisation	54	54
– Non-deductible expenses	275	357
– Non-assessable income	(1,059)	(1,742)
– Overprovision in respect of prior years	(616)	(593)
Effect of higher tax rates on overseas income	(272)	479
Effect of Foreign Currency translation of tax balances	(2)	(3)
Eliminations for the tax consolidated group	–	14
Income tax attributable to entity	5,015	2,871
The applicable weighted average effective tax rates are as follows	22.7%	20%
(c) Franking Account		
Franking account balance	9,577	10,802

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 a 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 2012

	Consolidated	
	2012 \$'000	2011 \$'000
5. Cash and Cash Equivalents		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash at bank and on hand	3,447	4,915
Short-term deposits with financial institutions	10,000	38,000
	13,447	42,915
Short-term deposits are term deposits with maturity date of less than 90 days. The effective interest rate on short-term deposits was 5.86% (2011: 6.27%). These deposits have an average maturity of 67 days as at 30 June 2012.		
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	17,103	11,479
Non-cash flows in profit:		
Depreciation and amortisation	1,422	954
Decrease/(increase) in current tax assets	425	(284)
(Increase) in deferred assets	(834)	(143)
Share rights reserve	635	115
Net foreign exchange differences	(421)	969
Changes in net assets and liabilities		
(Increase)/decrease in assets:		
Trade receivables	(2,498)	(1,289)
Other receivables	(1,513)	2,349
Inventories	137	(69)
Other current assets	(934)	(322)
Increase/(decrease) in liabilities:		
Payables	(853)	(875)
Current tax liabilities	1,000	(3,373)
Short-term provisions	1,510	2,816
Other current liabilities	1,022	589
Long-term provisions	400	106
Deferred tax liabilities	3,386	2,264
Net cash flows from operating activities	19,987	15,286

Notes to the Financial Statements

for the year ended 30 June 2012

	Consolidated	
	2012 \$'000	2011 \$'000
6. Other Short-Term Deposits		
Other short-term deposits with financial institutions	36,000	–
	36,000	–

Other short-term deposits are term deposits with maturity date of more than 90 days and less than 360 days.

The average maturity as at 30 June 2012 of these term deposits is 242 days. The effective interest rate on the deposits is 5.54% (2011: n/a).

	Consolidated	
	2012 \$'000	2011 \$'000
7. Trade and Other Receivables		
(a) Trade receivables		
Trade receivables	15,415	13,271
Provision for impairment	(101)	(455)
	15,315	12,816
(b) Other receivables		
GST receivables	707	476
Other receivables	2,139	857
	2,846	1,333
	18,160	14,149

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.

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 2012				
Trade receivables	(455)	(354)	–	(101)
30 June 2011				
Trade receivables	(169)	(286)	–	(455)

An amount of \$101,000 was considered impaired as at 30 June 2012 (2011: \$455,000).

Trade receivables past due but not impaired

	Consolidated	
	2012 \$'000	2011 \$'000
Less than 30 days overdue	3,571	2,884
30–60 days overdue	1,288	1,113
More than 60 days overdue	1,269	1,265
Total	6,128	5,262

Collection history from previous years, and the fact that no trade receivable has ever been written off, support management's view that receivables less than 180 days overdue are not considered impaired.

Notes to the Financial Statements

for the year ended 30 June 2012

Credit risk

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

The class of assets described as Trade and other Receivables is considered to be the main source of credit risk related to the Group. No collaterals have been received from any of the trade debtors in the form of a financial guarantee.

	Consolidated	
	2012 \$'000	2011 \$'000
8. Inventories		
Raw materials – at cost	889	1,025
	889	1,025

	Consolidated	
	2012 \$'000	2011 \$'000
9. OTHER FINANCIAL ASSETS		
Other current financial assets		
Security deposits paid	457	430
	457	430

	Consolidated	
	2012 \$'000	2011 \$'000
10. OTHER CURRENT ASSETS		
Prepayments	1,648	741
	1,648	741

	Consolidated	
	2012 \$'000	2011 \$'000
11. TAX ASSETS		
(a) Current tax assets		
Current tax assets	30	312
(b) Deferred tax assets		
Tax losses revenue	643	711
Timing differences attributable to:		
Fixed assets	87	63
Employee provisions	583	482
Unrealised foreign exchange losses	892	337
Other*	1,105	883
	3,310	2,476

* Other comprises of patent costs, trade debtors and miscellaneous

The overall movement in the deferred tax account is as follows:

Opening balance	2,476	2,333
Credit to the statement of comprehensive income	643	391
Credit/(charge) to equity	191	(248)
Closing Balance	3,310	2,476

Notes to the Financial Statements

for the year ended 30 June 2012

	Consolidated	
	2012 \$'000	2011 \$'000
12. Property, Plant and Equipment		
Buildings and leasehold improvements		
At cost	1,063	932
Accumulated depreciation	(336)	(159)
Net carrying amount	727	773
Plant and equipment		
At cost	8,893	7,956
Accumulated depreciation	(2,987)	(1,921)
Net carrying amount	5,906	6,035
Assets work in progress		
At cost	–	–
Accumulated depreciation	–	–
Net carrying amount	–	–
Total Property, Plant and Equipment		
At cost	9,956	8,888
Accumulated depreciation	(3,323)	(2,080)
Net carrying amount	6,633	6,808
Movements in carrying amounts		
Buildings and leasehold improvements		
Carrying amount at beginning	773	1,033
Additions	–	–
Depreciation expense	(46)	(260)
Carrying amount at end	727	773
Plant and equipment		
Carrying amount at beginning	6,035	2,406
Additions	1,012	4,254
Disposals	(17)	(195)
Depreciation expense	(1,123)	(430)
Carrying amount at end	5,906	6,035
Assets work in progress		
Carrying amount at beginning	–	892
Additions	–	–
Disposals	–	(892)
Carrying amount at end	–	–
Total Property, Plant and Equipment		
Carrying amount at beginning	6,808	4,331
Additions	1,012	4,254
Disposals	(17)	(1,087)
Depreciation expense	(1,169)	(690)
Carrying amount at end	6,633	6,808

Notes to the Financial Statements

for the year ended 30 June 2012

	Consolidated	
	2012 \$'000	2011 \$'000
13. Intangible Assets		
Software		
At cost	538	532
Accumulated amortisation	(504)	(430)
Net carrying amount	34	102
Internally generated intangibles		
At cost	15,176	6,631
Accumulated amortisation	–	–
Net carrying amount	15,176	6,631
Intellectual property		
At cost	3,607	3,607
Accumulated amortisation	(2,735)	(2,555)
Net carrying amount	872	1,052
Total intangible assets		
At cost	19,321	10,770
Accumulated amortisation	(3,239)	(2,985)
Net carrying amount	16,082	7,785
Movements in carrying amounts		
Software		
Carrying amount at beginning	102	156
Additions	5	51
Amortisation expense	(73)	(105)
Carrying amount at end	34	102
Internally generated intangibles		
Carrying amount at beginning	6,631	–
Additions	8,545	6,631
Carrying amount at end	15,176	6,631
Intellectual property		
Carrying amount at beginning	1,052	1,232
Amortisation expense	(180)	(180)
Carrying amount at end	872	1,052
Total intangible assets		
Carrying amount at beginning	7,785	1,388
Additions	8,550	6,682
Amortisation expense	(253)	(285)
Carrying amount at end	16,082	7,785

Notes to the Financial Statements

for the year ended 30 June 2012

13. 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 five major Phase IV post-marketing clinical trials and two development projects aiming at improving the use of SIR-Spheres microspheres. The activities 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.

Completion for these activities is anticipated for 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	
	2012 \$'000	2011 \$'000
14. Trade and Other Payables		
Trade payables	5,258	6,111
Other accruals and payables	3,494	2,472
	8,753	8,583

	Consolidated	
	2012 \$'000	2011 \$'000
15. Current Tax Liabilities		
(a) Current tax liabilities		
Current tax liability	1,114	–
	1,114	–
(b) Deferred tax liabilities		
Timing differences attributable to:		
Capitalisation of development expenditure	4,553	1,989
Fixed assets	520	439
Other	785	44
	5,858	2,472
The overall movement in the deferred tax account is as follows:		
Opening balance	2,472	208
Charge/(credit) to the statement of comprehensive income	3,369	2,315
Charge/(credit) to equity	17	(51)
Closing balance	5,858	2,472

Notes to the Financial Statements

for the year ended 30 June 2012

	Consolidated	
	2012 \$'000	2011 \$'000
16. Provisions and Accruals		
(a) Short-term Provisions		
Miscellaneous accruals and provisions (including employee entitlements)	6,594	5,084
	6,594	5,084
(b) Long-term Provisions		
Accruals for long service leave	760	360
	760	360
The overall movement in the long-term provision account is as follows:		
Opening balance	360	255
Additional provisions for the year	400	105
Amounts used during the year	–	–
Closing balance	760	360
The overall movement in the short-term provision account is as follows:		
Opening balance	5,084	2,268
Additional provisions for the year	11,155	7,311
Amounts used during the year	(9,645)	(4,495)
Closing balance	6,594	5,084

Notes to the Financial Statements

for the year ended 30 June 2012

	Consolidated	
	2012 \$'000	2011 \$'000
17. Issued Capital		
Issued capital	24,779	24,779
Share issue cost	(1,258)	(1,258)
	23,521	23,521
Number of shares issued	55,768,136	55,768,136

	2012		2011	
	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 22 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 2012.

	Consolidated	
	2012 \$'000	2011 \$'000
18. Reserves		
Share Rights Reserve	750	115
Foreign Currency Translation Reserve	(463)	(34)
	287	81

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 2012

	Consolidated	
	2012 \$'000	2011 \$'000
19. Earnings Per Share		
(a) Basic earnings per share		
Profit from continuing operations attributable to equity holders	17,103,000	11,479,000
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 22 for further details)	830,188	374,188
(b) Diluted earnings per share		
Profit from continuing operations attributable to equity holders	17,103,000	11,479,000
Weighted average number of shares used in the calculation of diluted earnings per share	56,598,324	56,142,324

	Consolidated	
	2012 \$'000	2011 \$'000
20. Dividends		
Distributions paid		
Declared fully franked ordinary dividend of 7 cents (2011: 7 cents) per share franked at the tax rate of 30% (2011: 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	9,577	10,802

Notes to the Financial Statements

for the year ended 30 June 2012

21. Operating Segments

Identification of reportable segments

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

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

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Inter-segment transactions

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

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

Segment assets

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

Segment liabilities

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

Unallocated items

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

Segment performance

Segment revenues

	External sales		Inter-segment		Other		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Asia Pacific	3,840	2,980	89,446	60,416	3,085	2,668	96,371	66,064
North America	57,260	45,072	5,264	4,264	–	–	62,524	49,336
EMEA	21,527	22,235	130	–	363	–	22,020	22,235
Total of all segments							180,915	137,635
Eliminations							(94,840)	(64,681)
Unallocated							500	–
Consolidated							86,575	72,954

Notes to the Financial Statements

for the year ended 30 June 2012

Segment net profit after tax

	Total	
	2012 \$'000	2011 \$'000
Asia Pacific	20,589	11,805
North America	865	1,825
EMEA	664	720
Total of all segments	22,118	14,350
Eliminations	–	–
Profit before income tax expense	22,118	14,350
Income tax expense	(5,015)	(2,871)
Profit after income tax expense	17,103	11,479

Segment assets and liabilities

	Assets		Liabilities	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Asia Pacific	109,923	133,758	29,949	67,710
North America	17,799	15,024	8,521	6,714
EMEA	8,378	6,454	6,245	4,674
Total of all segments	136,100	155,236	44,715	79,098
Eliminations	(39,444)	(78,595)	(21,607)	(62,599)
Consolidated	96,656	76,641	23,108	16,499

Other segment information

	Asia Pacific		North America		EMEA	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

Acquisition of segment assets

– Land and buildings	–	–	–	–	–	–
– Plant and equipment	578	4,037	461	159	48	58
– Intangible assets	8,550	6,682	–	–	–	–

Depreciation and amortisation of segment assets

– Plant and equipment	778	303	342	300	50	81
– Intangibles	249	282	–	–	4	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 2012

22. Share-Based Payments

On 23 August 2011, a total of 456,000 performance rights were granted to executives and senior managers 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 2014. 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
23 August 2011	456,000

A total of 92,000 rights were granted to the Chief Executive Officer, and a total of 364,000 rights to other executives and senior managers of the Group. The performance rights vest on 30 June 2014, 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 2011 to 30 June 2014 (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 un-exercisable
22 February 2011	30/06/2013	0	374,188	–	–	–	374,188	–	–
23 August 2011	30/06/2014	0	–	456,000	–	–	456,000	–	–

The weighted fair value of the performance rights issued during the financial year ended 30 June 2012 has been calculated at \$2.24 (2011: \$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	5.21%

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 \$635,191 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 2012

23. 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 2012 and 30 June 2011.

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

	2012 \$'000	2011 \$'000
Short-term employee benefits	3,300,839	3,348,401
Post-employment benefits	126,173	115,328
Termination benefits	–	200,350
Share-based payment	430,946	93,421
	3,857,958	3,757,500

Key management personnel shareholdings

The number of fully paid ordinary shares in Sirtex Medical Limited 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 2012					
J Eady	–	–	–	5,000	5,000
G Boyce	5,000	–	–	–	5,000
D Smith	–	–	–	–	–
30 June 2011					
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:

KMP	Balance at beginning of the year	Granted as remuneration	Issued on exercise of options	Other changes	Balance at end of the year
30 June 2012					
G Wong	90,188	92,000	–	–	182,188
D Smith	31,000	33,000	–	–	64,000
R Hardie	27,200	33,000	–	–	60,200
D Cade	26,300	24,000	–	–	50,300
M Mangano	33,000	33,000	–	–	66,000
N Lange	33,000	33,000	–	–	66,000
B Chew	33,000	33,000	–	–	66,000
Total	273,688	281,000	–	–	554,688

Notes to the Financial Statements

for the year ended 30 June 2012

Key management personnel rights holdings (continued)

KMP	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

24. Parent Entity

	2012 \$'000	2011 \$'000
Assets		
Current assets	56,964	43,544
Non-current assets	12,705	12,505
Total assets	69,669	56,049
Liabilities		
Current liabilities	4,637	44,183
Non-current liabilities	931	135
Total liabilities	5,568	44,318
Equity		
Issued capital	23,521	23,521
Reserves	290	–
Retained earnings	40,290	(11,836)
	64,231	11,685
Reserves		
Share rights reserve	290	46
Total reserves	290	46
Financial performance		
Profit for the year	56,030	2,937
Other comprehensive income	–	–
Total comprehensive income	56,030	2,937

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 2012.

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 2012

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	40 months
Singapore	60 months	38 months
Germany	60 months	19 months
US	62 months	54 months

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

	Consolidated	
	2012 \$'000	2011 \$'000
Non-cancellable operating leases		
No longer than 1 year	1,071	897
Longer than 1 year and not longer than 5 years	2,454	2,716
	3,525	3,613

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 \$683,000 (2011: \$1,664,000).

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 \$5,772,000. The amount of all outstanding contractual commitments as at 30 June 2012 is \$10,538,000.

Notes to the Financial Statements

for the year ended 30 June 2012

26. Controlled Entities

Name of entity	Country of incorporation	Ownership interest	
		2012 %	2011 %
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 Germany Holding GmbH	Germany	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 Germany Holding GmbH was incorporated on 1 June 2012. The company holds 100% interest in Sirtex Medical Europe GmbH. Sirtex Singapore Holding Pte Ltd was incorporated on 23 April 2010, and holds 100% interest in Sirtex Medical Singapore Pte Ltd, Sirtex Global Singapore Pte Ltd and Sirtex Manufacturing Singapore Pte Ltd. Sirtex Medical Limited 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 2012, \$nil (2011: \$nil) was payable to directors, key management personnel and director-related entities.

At 30 June 2012, \$nil (2011: \$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 of \$nil (2011: \$5,454,145) and management fees of \$49,770 (2011: \$nil) from entities in the wholly owned group.

(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: \$ 3,766,515 (2011: \$14,347,564)

Loans receivable from subsidiaries: \$ 4,434,093 (2011: \$3,120,212)

Notes to the Financial Statements

for the year ended 30 June 2012

28. Events After Reporting Sheet Date

On 24 July 2012, the Directors decided to issue a new tranche of Executive Performance Rights. A total of 547,000 performance rights will be allocated to executives and senior managers of the Company, and a total of 176,000 performance rights will be allocated to Directors subject to shareholder approval, including 150,000 performance rights for the Chief Executive Officer.

On the 3 August 2012, the Company announced plans to triple manufacturing capacity of SIR-Spheres microspheres in the United States.

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

29. Remuneration of Auditors

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

	Consolidated	
	2012 \$'000	2011 \$'000
Remuneration of the auditor of the parent entity for audit and review of financial reports	117	117
Other non-audit services	–	–
Remuneration of other auditors of subsidiaries for audit and review of financial reports	95	59

The auditor of Sirtex Medical Limited 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 counterparty 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 to measure the different types of risk, and in using derivative 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	
	2012 \$'000	2011 \$'000
Financial Assets		
Cash and cash equivalents	13,447	42,915
Other short-term deposits	36,000	–
Trade and other receivables	18,160	14,149
Other financial assets*	457	430
	68,064	57,494
Financial Liabilities		
Trade and other payables	8,753	8,583
	8,753	8,583

* 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 2012

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 2012 on cash was 3.05% (2011: 4.35%) and on short-term deposits 5.61% (2011: 6.27%). 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 rates of 2% on cash and short-term deposits would result in a change in profit as follows:

	Consolidated	
	2012 \$'000	2011 \$'000
Change in profit:		
Increase in interest rate by 2%	890	772
Decrease in interest rate by 2%	(890)	(772)

(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 at 30 June 2012, the Group had only non-interest-bearing financial liabilities with less than 1 year maturity (refer Note 14).

(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 2012

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	
	2012 \$'000	2011 \$'000
Change in profit:		
Increase of AUD to USD by 15%	(8,589)	(6,761)
Decrease of AUD to USD by 15%	8,589	6,761
Increase of AUD to EUR by 15%	(3,229)	(3,335)
Decrease of AUD to EUR by 15%	3,229	3,335

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
2012				
Group entity (functional currency)				
North American entities (USD)	8,050	–	–	7,090
European entities (EUR)	–	4,212	–	5,205
Singapore entities (SGD)	–	–	(338)	(261)
Balance sheet exposure	8,050	4,212	(338)	12,843
2011				
Group entity (functional currency)				
North American entities (USD)	6,816	–	–	6,816
European entities (EUR)	–	3,166	–	4,275
Singapore entities (SGD)	–	–	(155)	(117)
Balance sheet exposure	6,816	3,166	(155)	10,974

Foreign Currency Call/Put Options

The Group has no currency option open at reporting date.

As at 30 June 2012, 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 2012

30. Financial Risk Management (continued)

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

	Notional Amounts		Average Exchange Rate	
	2012 USD '000	2011 USD '000	2012	2011
Call Options (Sell USD/Buy AUD)				
Settlement				
– less than 6 months	6,000	–	0.99	n/a
Put Options (Sell USD/Buy AUD)				
Settlement				
– less than 6 months	6,000	–	0.95	n/a

Additional Stock Exchange Information

as at 15 August 2012

Number of shareholders

55,768,136 fully paid ordinary shares are held by 3,234 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	864,994	1,570
1,001 – 5,000	3,182,041	1,282
5,001 – 10,000	1,625,318	213
10,001 – 100,000	3,702,914	143
100,001 and over	46,392,869	26
	55,768,136	3,234

Substantial shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA	19,923,346	35.725
DR BRUCE GRAY	10,090,604	18.094
NATIONAL NOMINEES PTY LIMITED	4,496,255	8.062
RBC INVESTOR SERVICES NOMINEES PTY LTD PI POOLED A/C	3,276,447	5.875
	37,786,652	67.756

Twenty largest shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA LIMITED	19,923,346	35.725
ACN 132 442 114 PTY LIMITED	10,090,604	18.094
NATIONAL NOMINEES LIMITED	4,496,255	8.062
RBC INVESTOR SERVICES NOMINEES PTY LTD PI POOLED A/C	3,276,447	5.875
CITICORP NOMINEES PTY LIMITED	1,096,915	1.967
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	926,489	1.661
BNP PARIBAS NOMS PTY LTD SMP AACOUNTS DRP	917,632	1.645
CITICORP NOMINEES PTY LTD COLONIAL FIRST STATE A/C	697,393	1.251
BNP PARIBAS NOMS PTY LTD MASTER CUST A/C	647,644	1.161
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	598,974	1.074
MR ERIK ADRIAANSE	500,000	0.897
RBC INVESTOR SERVICES NOMINEES PTY LTD PIIC A/C	481,740	0.864
SCJ PTY LTD	350,000	0.628
SANDHURST TRUSTEES LTD	296,755	0.532
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
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	240,099	0.431
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
	45,724,764	81.991

Company Information

for the year ended 30 June 2012

Registered office

Level 33, 101 Miller Street
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Tel: +61-2-9964-8400

Principal place of business are:

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Company Secretary

Mr Darren Smith

Stock exchange listing

Australian Stock Exchange Limited
ASX code SRX

Share registrar

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Tel: +61-2-9290-9600

Auditors

Grant Thornton Audit Pty Ltd
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Sydney NSW 2000, Australia