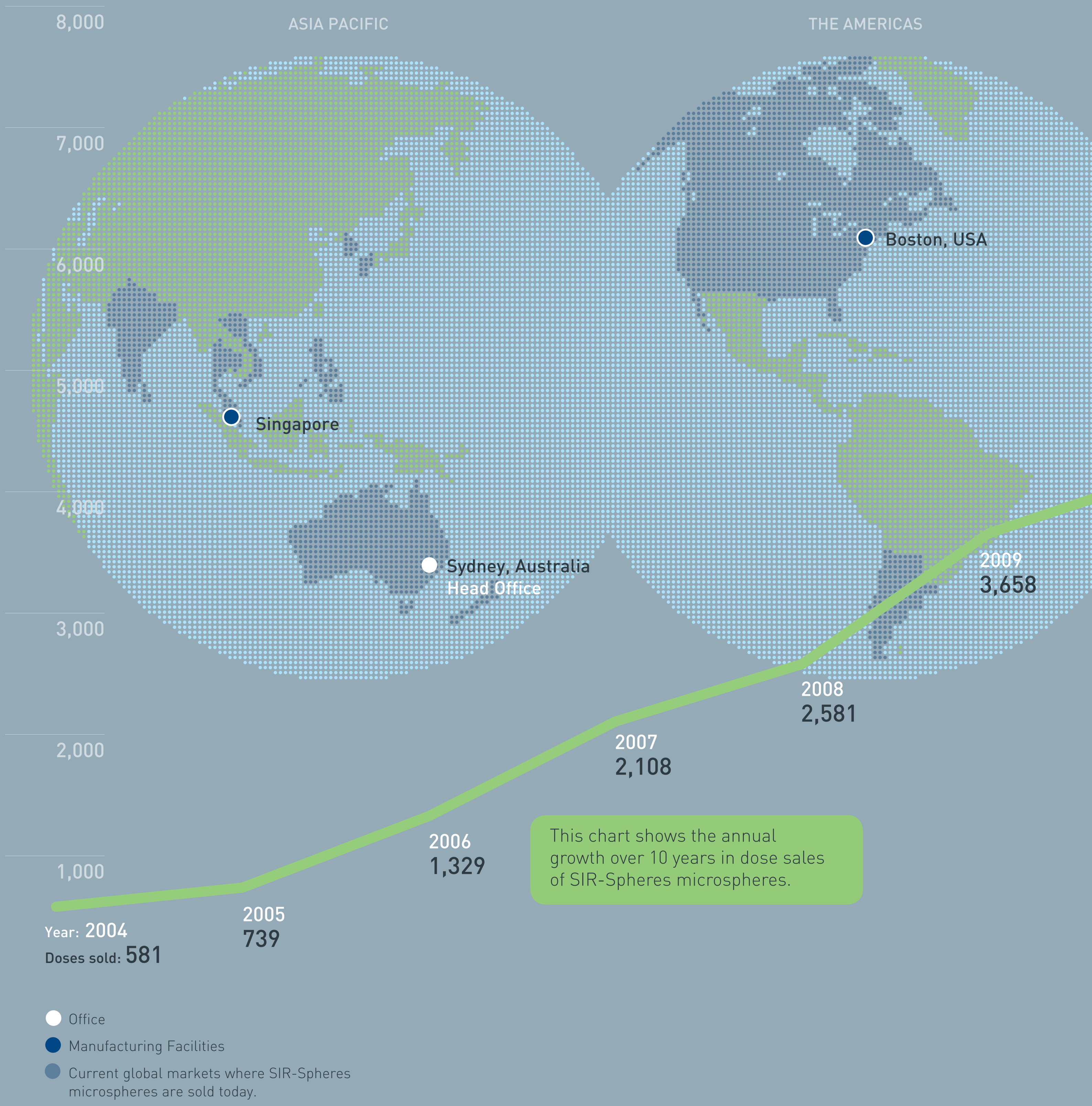
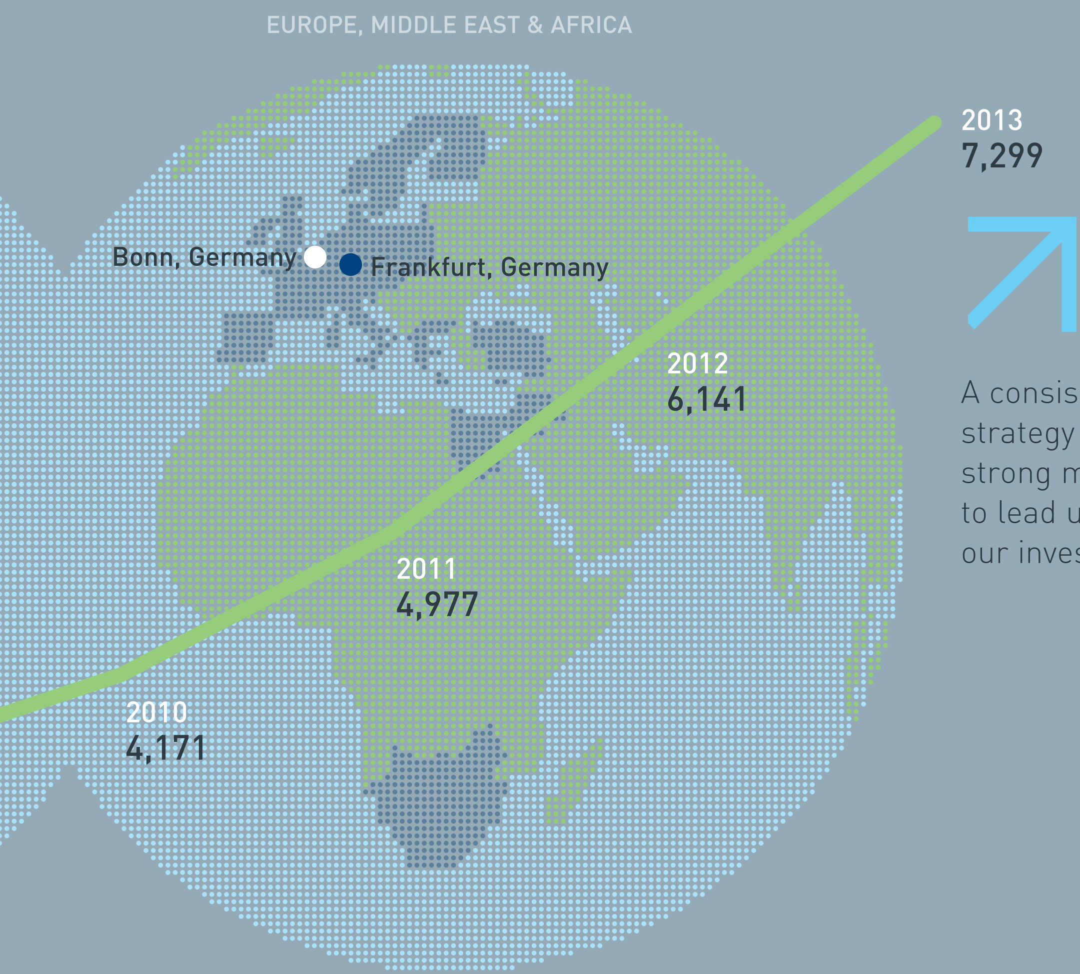
SIRTeX

A decade of performance and growth

ANNUAL REPORT 2013

SIRTEX HAS DELIVERED 10 YEARS OF PERFORMANCE AND GROWTH





A consistent and focused strategy has enabled our strong management team to lead us to outperform on our investors' behalf.

TABLE OF CONTENTS

OUR PRODUCT MEETS THE NEEDS OF A GROWING MARKET

SIR-Spheres microspheres work alongside other treatment options for patients with liver cancer

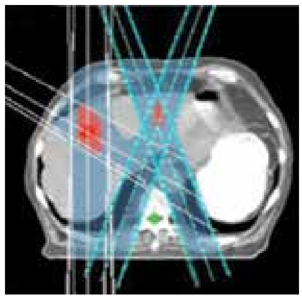
In simple terms, cancers in humans are typically treated using one or a combination of four main types of treatment:

- Surgery, which endeavours to physically remove all or part of the cancer,
- Chemotherapy, in which drugs are used to suppress rapidly dividing cancer cells,
- Radiotherapy, whereby a beam or other source of radiation is 'aimed' at the target cancer in order to irradiate it,
- Biologic therapies, also known as targeted therapies, which are drugs that interrupt some of the cancer's cellular functions, e.g. drugs that restrict the blood supply to the cancer.

While many of the major cancers, such as breast, lung, prostate and rectal cancer are commonly treated using one or more of these modalities, the majority of patients with primary and secondary liver cancers are unsuitable for traditional radiotherapy.

This is because the normal liver tissue and several of the organs near the liver are highly sensitive to the effects of radiotherapy, and it is difficult to deliver sufficient radiotherapy to cancers of the liver, without also damaging these sensitive tissues nearby.

Selective internal radiation therapy with SIR-Spheres microspheres addresses this problem, by delivering radiation therapy selectively to the cancers within the liver, while avoiding irradiation of the normal liver and other nearby tissues.



External beam radiation therapy may injure normal tissues, precluding its use in most patients with liver cancer.

SIR-Spheres microspheres are currently used to treat less than one per cent of the eligible patient population

SIR-Spheres® microspheres

SIR-Spheres microspheres dose sales currently represent less than one percent of the eligible patient population. The release of data that demonstrates SIR-Spheres microspheres are effective when used at an earlier stage of treatment, would be expected to significantly expand the use of our product over the coming years.

CURRENT MARKET	Chemotherapy			SIR-Spheres microspheres
% ALL PATIENTS WITH INOPERABLE METASTATIC COLORECTAL CANCER	1ST LINE TREATMENT	2ND LINE TREATMENT	3RD LINE TREATMENT	SALVAGE TREATMENT
	85%*	64%	16%	~4-8%
FUTURE MARKET	SIR-Spheres microspheres (earlier line of treatment)			

*279,000
Annual number of patients with inoperable metastatic colorectal cancer eligible for SIR-Spheres microspheres.

SIR-Spheres microspheres recipient Dr Bozidar Drulovic lives a full and rich life after his treatment in Melbourne, Australia.

PATIENT PROFILE

Melbourne doctor and father Bozidar Drulovic is one of the thousands of people worldwide to have his liver cancer treated with SIR-Spheres microspheres.

Dr Drulovic,64, lives a full and rich life with his wife, two children and grandchildren. He has always played sport and does not drink or smoke.

In February this year, he discovered a sudden pain in his liver. It subsided after half an hour but was enough for him to ask a work colleague to do an ultrasound on him the next day.

The result wasn't good. There was a 10-centimetre tumour which was bleeding and looked like a cancer. Its size and position would make it inoperable.

He sought expert opinion and found there were only two options: chemotherapy or selective internal radiation therapy (SIRT). As chemotherapy was minimally effective and highly toxic, he opted for SIRT.

First, he underwent a trial with a test dose to check there was no leakage of radiation to his lungs, stomach or other structures.

In mid-April, Drulovic had the full treatment. He said he had no pain, no temperature, no vomiting and no side effects.

By late May, he was back at work and says the only after-effect is having less energy than he would expect.

The tumour takes between two to six months to shrink and although he has no shrinkage yet, his liver function tests give good reason for hope.

'If a tumour is inoperable, SIRT is an excellent alternative. It was the only option for me and I didn't hesitate for a second,' he said.

Dr Drulovic is gaining weight, is pain-free and describes himself as realistic after his treatment.

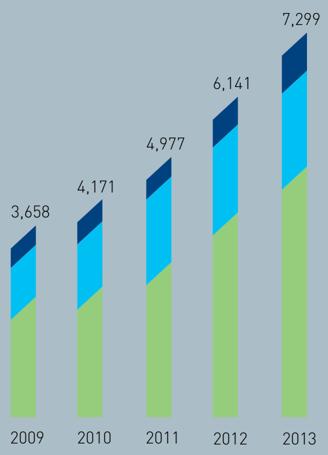
Dr Drulovic's doctor is Associate Professor Peter Gibbs, a medical oncologist with The Royal Melbourne Hospital who has helped pioneer the therapy with Sirtex.

Professor Gibbs was one of the first doctors in the world to use SIR-Spheres microspheres a decade ago. Since then, he has successfully treated hundreds of patients.

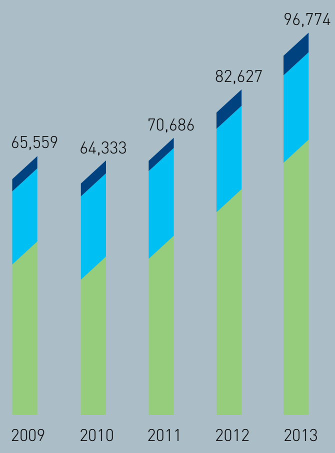
Professor Gibbs is the lead investigator on our global multi-centre SIRFLOX study. He will deliver the results of the study in late 2014.

2013 FINANCIAL SNAPSHOT AND HIGHLIGHTS

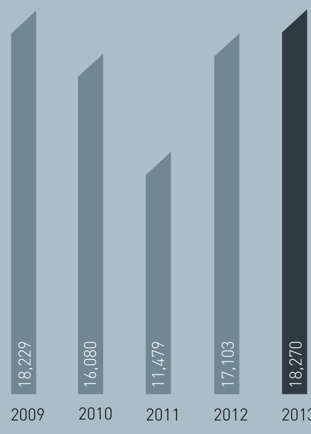
DOSE SALES GROWTH



SALES REVENUE
$'000



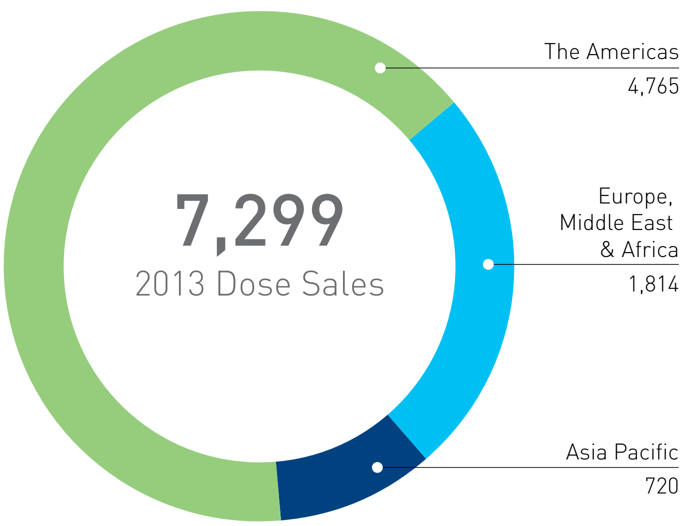
PROFIT AFTER TAX
$'000



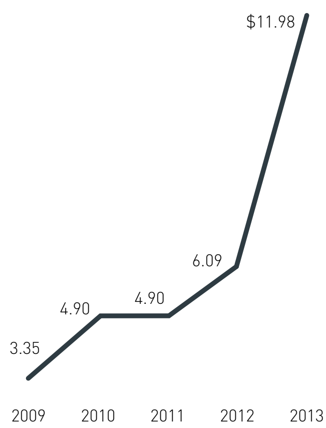
ASIA PACIFIC EUROPE, MIDDLE EAST & AFRICA THE AMERICAS

36
consecutive quarters of growth

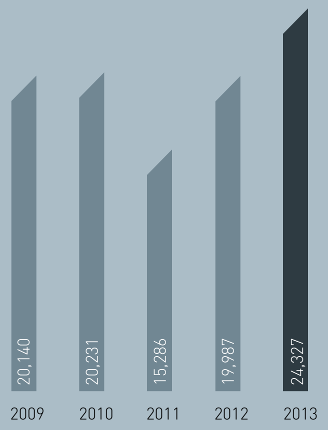
23%
annual growth of $1 invested in Sirtex since it listed in 2000



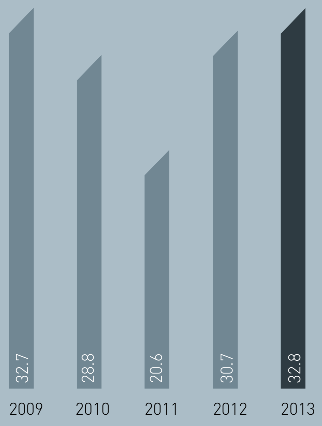
SHARE PRICE
$ (AT 30 JUNE EACH YEAR)



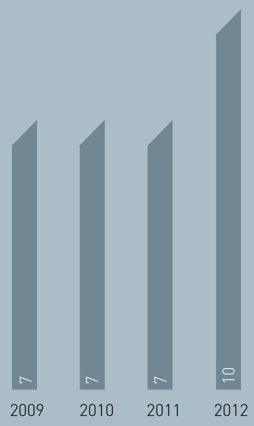
OPERATING CASH FLOW
$’000



EARNINGS PER SHARE
CENTS



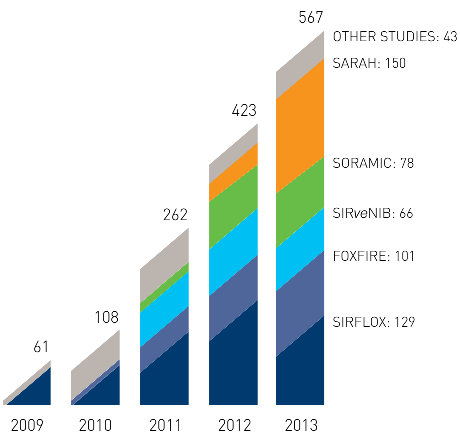
DIVIDENDS PER SHARE
CENTS



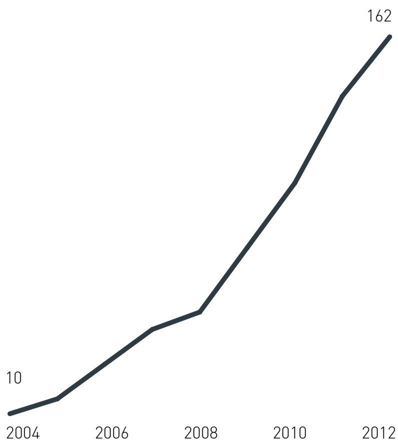
28%
annual growth in sales of SIR-Spheres microspheres from 2005

23%
annual growth in treatment centres using SIR-Spheres microspheres since 2005

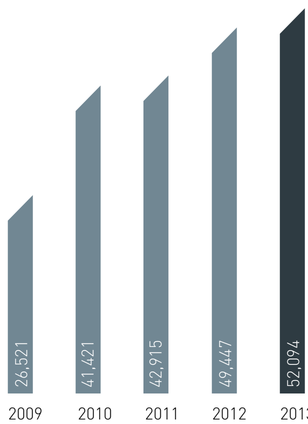
CLINICAL STUDY RECRUITMENT



GROWTH OVER 10 YEARS OF PEER REVIEWED PUBLICATIONS



CASH ON HAND
$’000 (AT 30 JUNE EACH YEAR)



REGIONAL MARKETS

Strong local expertise and management combined with a consistent focus in each geographic region has created a powerful foundation for Sirtex to realise its medical and commercial potential.

EUROPE, MIDDLE EAST & AFRICA

PERFORMANCE

- Revenue increased six per cent to €17.6 million.
- Despite difficult economic conditions within the region, Sirtex achieved respectable growth in dose sales of nine per cent.
- A total of 28 new treatment centres were opened in FY2013.
- Europe continues to be the backbone of Sirtex's clinical program with strong recruitment across all clinical studies.
- During the reporting period we initiated and launched a patient registry in the UK in agreement with the National Institute of Clinical Excellence which is managed by the British Society of Interventional Radiology.
- We also developed a health economic model to support reimbursement in metastatic colorectal cancer.

MARKET GROWTH INITIATIVES

- The coming year will see the roll out of a Pan-European patient registry to be managed by one of the EU professional medical society stakeholders permitting prospective collection of outcomes data.
- Sirtex will host the Fifth European Symposium on Liver Directed Cancer Therapies using Y90 Microspheres in Rome in February 2014.
- We will develop a health economic model in support of SIRT as a first line treatment option.
- Continue to apply resources to support reimbursement of SIR-Spheres microspheres in all EMEA markets.
- Engage payer communities and guideline committees to ensure SIR-Spheres microspheres included in treatment guidelines, increase political lobbying at stakeholder and governmental level.
- Develop KOL oncology and surgical communities at EMEA and local level.
- Opened 30 new treatment centres and will develop new markets with return on investment justification.
- Develop European Union sales and marketing areas including the creation of new key positions and ongoing training for existing personnel.
- Increase patient and advocacy awareness of SIRT through organisational support and outreach via electronic and print media.
- Support recruitment into all active clinical studies.

ASIA PACIFIC

PERFORMANCE

- Revenue grew 26 per cent to AU$4.8 million.
- Dose sales grew 29 per cent on the back of new regional markets and growing awareness particularly at sites participating in our clinical studies programs.

MARKET GROWTH INITIATIVES

- The regional office and manufacturing facility in Singapore continues to grow with the appointment of several experienced oncology staff in sales and marketing and business support functions.
- In the coming year we will continue to focus on our direct sales business model and have opened representative offices in Hong Kong and will continue to do so in other countries in the region.
- We hosted the inaugural Asia Pacific Symposium on Liver Directed Y-90 Microspheres Therapy in Singapore.
- We continue to work closely with local distributors in Taiwan, Korea and India where increased marketing activities continue to help lift our profile and sales.
- Recruitment into the 360-patient SIR*ve*NIB study continues to gather pace and is progressing well across 12 countries.
- We opened 10 new treatment centres in the region during the reporting period and plan to open 15 more in the new financial year.
- Reimbursement and supporting ongoing professional education of the radiation and oncology community across the region remains a focus.

AMERICAS

PERFORMANCE

- Revenue grew 21 per cent to a record US$71.6 million.
- Dose sales grew 21 per cent, driven by a steady increase in volume at existing treatment centres and new centres.

MARKET GROWTH INITIATIVES

- Our focus continues to be to develop existing centres with established SIR-Spheres microspheres programs, increasing awareness through education of referring physicians including medical, surgical and radiation oncologists.
- We are educating the referring and treating physicians on the benefits of using SIRT earlier in the treatment paradigm versus complementary and competing technologies.
- In the coming year we plan to open more new centres in Canada and Latin America as well as the United States.
- Our efforts with new centres continues to focus on uniting 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 continue to help increase the average number of treatments per centre.
- Marketing will continue to focus on continuing professional education of the oncology community and establishing SIR-Spheres microspheres as a viable option for patients with metastatic colorectal cancer.

OUR PEOPLE

As an emerging international leader in cancer treatment, our success is based on creating a skilled workforce that reflects the many communities in which we operate.

Technicians Noah Teo and Steve Yu prepare SIR-Spheres microspheres at our Singapore manufacturing facility.

19

Our employees are located in 19 countries

Global diversity

The diversity of our workforce and the global insights, perspectives, experience and contributions of our people are an important source of our innovation and ongoing business success. It is a core strength and competitive advantage. We seek to create a working environment where employee differences such as gender, age, culture and disability are valued.

Responsibility for diversity rests with the Chief Executive Officer and Board who set the overall strategic direction and identify key focus areas for improvement in diversity across our business.

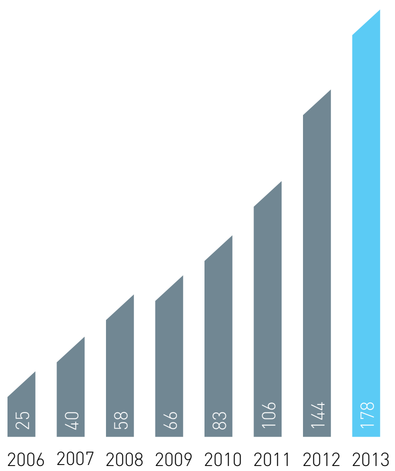
Our internal development programs in this area are also focused on guiding strategies and initiatives to help facilitate an inclusive culture.

Sirtex is in compliance with diversity related criteria in the revised ASX Governance Principles which formally took effect for Sirtex this year.

Sirtex employees are driven by a passion to help medical professionals worldwide provide real hope for liver cancer patients and their families. Achieving this vision is a large and complex task requiring dedication and commitment.

The knowledge that our work helps make a difference in people's lives contributes to a flexible and responsive working environment.

GROWTH IN EMPLOYEE NUMBERS GLOBALLY SINCE 2006



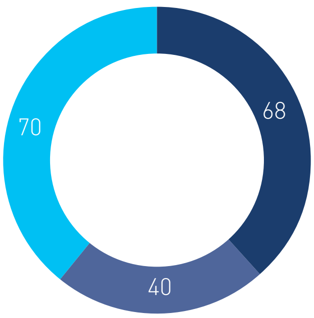
Australia and New Zealand Sales & Marketing Manager Pam Saunders works with leading interventional radiologist Professor Lourens Bester at St Vincent's Hospital in Sydney, Australia.

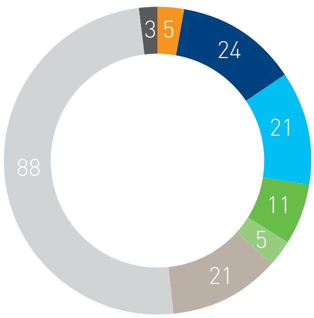
The research and development team in Sydney collaborate worldwide.

178
Total full-time equivalent staff

54%
Women in Management

GLOBAL WORKFORCE





A developing workplace

Sirtex works to ensure all employees have an opportunity to contribute to our business and further their professional careers.

Our commitment to training and development begins from a team member's first day with an online induction through to several levels of technical product training.

A cohesive, safe and productive workplace is the key to our continued success. During the reporting period, we initiated a global health and safety program in partnership with DuPont to further enhance our work environment.

Another initiative during the reporting period was the launch of service awards to celebrate 5, 10 and 15 years of service.

INVESTMENT IN FUTURE GROWTH

Our global clinical studies program is a key component of our long-term growth strategy

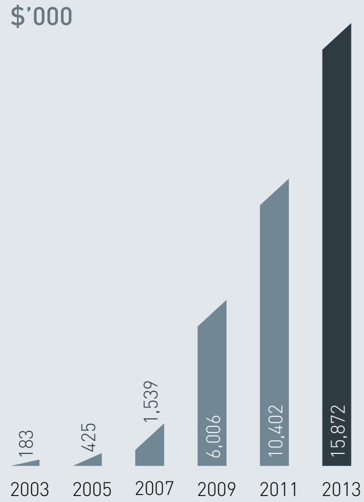
We have committed $60 million over five years to work with the world's leading radiation oncologists and healthcare institutions to demonstrate conclusively the efficacy of SIR-Spheres microspheres as a first-line treatment.

Data from our first major study, SIRFLOX, is due to be released late 2014. The study is the world's largest randomised controlled trial in interventional oncology with more than 500 patients enrolled.

SIRFLOX aims to show standard-of-care chemotherapy plus SIR-Spheres microspheres is more effective in delaying cancer progression than chemotherapy alone in patients with inoperable liver metastases from primary colorectal cancer.

The end point of the SIRFLOX study is to assess progression free survival. Two other studies, FOXFIRE and FOXFIREGlobal, will assess overall patient survival. Together the data will look at the results of over 1,020 patients. We believe the data will lead to a significant change in the way liver cancer is treated globally.

10 YEAR INVESTMENT IN CLINICAL STUDIES TO EXPAND USE
$'000



Product innovation and research are key drivers of our current and future growth

Our investment and commitment to constant innovation through research and development is a competitive advantage for our business.

During the reporting period, we invested $6.6 million in R&D activities. This investment is designed to refine and enhance our current lead product under the SIR-Spheres Evolution Program.

The program includes development of an improved delivery apparatus, a sophisticated patient treatment planning system to allow tailored, patient specific therapy and radiographically imageable microspheres.

Sirtex has established a leadership position in the area of radioactive microsphere technologies for the treatment of cancer.

Our R&D teams are also looking to commercialise a unique technology that protects healthy human tissue from ionising radiation in patients undergoing radiotherapy for the treatment of cancer.

Research Technician Stephanie Bickley working in our Sydney research and development facility.

56%
annualised growth in clinical study investment over 10 years

26%
annualised growth in R&D investment over 10 years

We are also developing commercial applications for novel small particle targeted treatment technologies based on the current platform and our expertise in this area.

Collaboration is a key driver of innovation and Sirtex extracts maximum leverage from our investment through close and beneficial collaborations with a number of highly respected universities and research institutes worldwide.

New SIR-Spheres microspheres delivery apparatus

One of the key components of our SIR-Spheres Evolution Program due to come onto the market in the near future is the new delivery apparatus to facilitate administration of SIR-Spheres microspheres.

The current apparatus has remained largely unchanged since our first sales in 2002.

We have gathered an enormous amount of feedback from customers over the past decade and our goal is to incorporate many of these suggestions into the new design.

The new enhancements will make it easier for the large number of new users who will be administering SIR-Spheres microspheres for the first time.

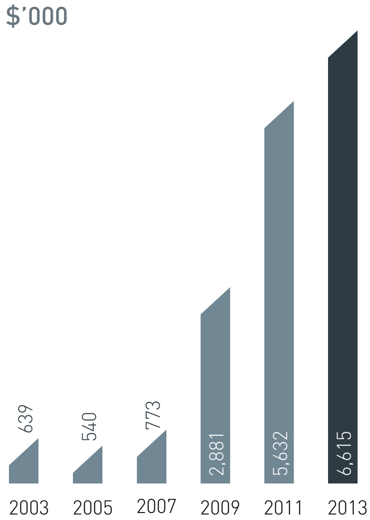
The new delivery apparatus will also reduce the complexity of the administration process. It will give more control to the administering physician resulting in more effective treatment for their patients.

A key element of the new system is a mechanism that maintains a constant and uniform suspension of SIR-Spheres microspheres in the carrier fluid throughout the entire administration process.

Clinicians will see exactly how much radioactivity has been delivered at all times during a procedure.

The new delivery system is undergoing exhaustive testing ahead of formal submissions to regulatory authorities.

10 YEAR INVESTMENT IN RESEARCH AND DEVELOPMENT
$'000



CHAIRMAN'S REPORT

Chairman Richard Hill

Sirtex continued to deliver on its commercial and medical milestones and expand its business globally.

It is a pleasure to present the 2013 annual report for Sirtex. The company remains focused on its *2020Vision* strategy delivering another year of growth through the disciplined and considered execution of the business's long-term strategic growth plans.

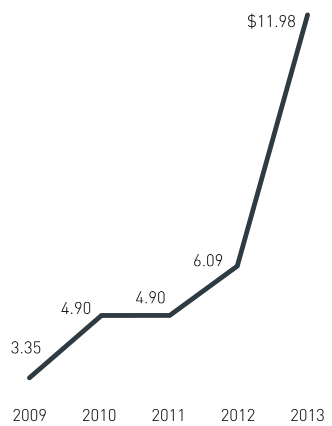
A solid financial result

Sirtex's financial results in 2013 financial year are once again confirmation the Group's strategic direction is on course.

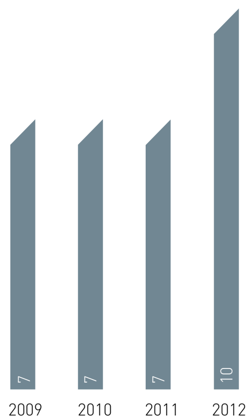
The strong sales performance was again the main driver in delivering a net profit after tax of $18.27 million, an improvement of seven per cent. Profit before tax was up 11 per cent to $24.5 million. The company again increased the strategic investment in clinical and sales and marketing to prepare the business for the results of its major randomised clinical study, SIRFLOX, expected to be available towards the end of next calendar year.

Sirtex again achieved strong cash generation from operations achieving $24.3 million, an improvement of 22 per cent. Our cash performance has enabled Sirtex to reinvest heavily back into the business and build a larger and even more robust business for the future. It has also permitted the company to pay a dividend to shareholders over the last four years, including $5.5 million in October 2012. Despite these investments and dividend return to shareholders, the company increased its cash holdings from $49.4 million last year to $52.1 million as at the end of June 2013. This provides adequate cash reserves to ensure the business can meet its commitments.

SHARE PRICE
$ (AT 30 JUNE EACH YEAR)



DIVIDENDS PER SHARE
CENTS



Dividends

The Board considers a range of measures when assessing the performance of the company.

The shareholder dividend of 10 cents paid in October 2012 reflected our continued confidence in the ongoing stability and strength of the business. The Board continues to monitor cash flow and earnings as we make future dividend decisions.

A strong global business

The Board's goal is to build the sustainability of the business for the long-term. This involves ensuring we have a strong balance sheet and that we effectively manage our rapid expansion and growth in established and new markets.

This year we took a number of key steps to strengthen the business including the commissioning of work to build a manufacturing facility in Germany and the tripling of manufacturing capacity in the US.

We also continued to invest significantly in product research and development and our ongoing clinical studies and customer support programs.

These investments will put our business in a strong position as we prepare for a significant growth in anticipated demand following the release of data from our global SIRFLOX study in late 2014.

We are pleased with the progress made on all these fronts and the performance of the Sirtex team.

Foreign currency fluctuations remain a challenge for all Australian businesses and will continue to have an impact on our results with more than 97 per cent of our sales overseas.

Our global presence has helped balance our growth as some regions grow rapidly and others undergo transformations. Continued economic uncertainty in the European Union is counter balanced by strength in the Americas and emerging markets in the Asia Pacific.

Director and Board activities

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

Our management team has successfully and consistently worked well together for a number of years under the leadership of our Chief Executive Officer, Gilman Wong.

Senior management stability is a key asset and one of the reasons why we are able to maintain such solid performance across our growing global markets in a rapidly changing market place.

Our people

On behalf of the Board, I wish to thank Gilman and his team for their contribution to the success of the company. The dedication and commitment of all our employees has helped put our business in the sound position it enjoys today.

To ensure Sirtex is able to attract and retain a high-performance team with a global outlook, we initiated a review of remuneration for staff and non-executive directors.

An outline of our approach is detailed in the Remuneration Report later in the Annual Report. As an international business we need to ensure remuneration and working conditions for our people are in line with other similar global businesses.

Sirtex will need to continue to attract and retain the very best people to retain our leadership to stay competitive. Sirtex employs 178 full-time staff based in 19 countries and this diversity is another key to our continued success.

Outlook

While the Australian economy has slowed and conditions in many international markets remain a challenge, Sirtex is positioned to continue to deliver growth over the coming year.

We are still very much in the early stages of our global expansion and Sirtex is well positioned for sustained long-term growth. Our significant investments in people, research, product development, marketing, clinical studies and other sales growth initiatives has created a foundation for a global business that will continue to create value over coming years.

We enter the new financial year with confidence and momentum thanks to the hard work of our teams worldwide.

All of us remain focused and determined to realise the full potential of our business and the significant opportunity to bring real hope to cancer patients and create long-term value for our shareholders.

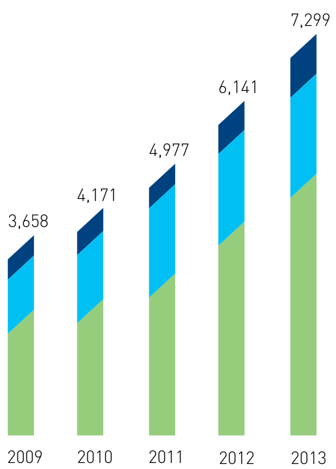
Richard Hill
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Chief Executive Officer Mr Gilman Wong

Our 2013 results highlight a decade of growth as our *2020Vision* Strategy delivers on our expansion plans into the next decade.

DOSE SALES GROWTH



This year's achievements

Financial year 2013 has been a successful year for Sirtex as we continue our progress forward delivering on our *2020Vision*.

Sirtex's results and achievements this year, and for the last decade, demonstrate the true strength of the business, our core product and the dedication of the people involved in the delivery of product to those suffering from liver cancer.

Our consistent focus has seen us achieve some significant milestones this year and put the company in a strong position to continue to grow out to 2020 and beyond. Significant achievements for the reporting period include:

- Solid global dose sales growth of 19 per cent with 7,299 doses sold
- 36 consecutive quarters of dose sales growth
- 98 per cent growth in the Sirtex share price over the financial year
- Sirtex placed in the top 10 best performing companies in the Standard & Poor's ASX 200 for the 2013 financial year
- In August 2012, we announced and started work to triple our US manufacturing capacity
- In October 2012, we announced the results of a study by the University of Magdeburg, Germany, that showed SIR-Spheres microspheres doubled overall survival
- In November 2012, we announced we would establish a European manufacturing facility in Frankfurt, Germany
- In December 2012, we entered a master research agreement with the National Cancer Centre of Singapore and SingHealth to explore the potential benefits of a new technology known as carbon cage nanoparticles
- Also in December 2012, Sirtex entered the Standard & Poor's ASX 200 Index
- In April 2013, Sirtex completed patient recruitment in our multi-centre global clinical study SIRFLOX
- In May 2013, Sirtex was ranked the third best performing company in the S&P ASX 200 over the past five years in an *Australian Financial Review* analysis based on total shareholder return, revenue, operating margin and corporate governance.

These milestones and accomplishments alone demonstrate a very positive year for Sirtex.

Financial performance

Sirtex's financial performance this year was underpinned once again by the strong dose sales growth of 19 per cent with 7,299 doses sold. This reflects a steady rise in demand for our product and our continued focus on increasing awareness of our therapy and meeting the needs of our customers.

Sales have increased an average of 23 per cent each year over the past five years and averaged a 28 per cent growth per year over the past decade.

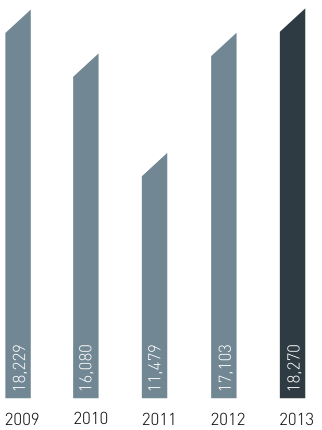
Sirtex generated revenue of $96,774 million, up 17 per cent over last year. Foreign exchange is always a key aspect of our result with 97 per cent of our sales made overseas.

EBIT, excluding foreign exchange and a one-off legal settlement in FY12, was up 13.2 per cent to 21 million, compared to $18.6 million last year.

Net profit after tax of $18.3 million was up seven per cent while earnings per share of 32.8 cents grew seven per cent compared to the previous year. The business remains debt free and we ended the reporting period with $52 million in cash.

Across the business, our regional divisions continued to deliver good performances while taking the first steps into several promising new markets.

PROFIT AFTER TAX
$'000



The Americas

Revenue in our largest market grew 22 per cent to a record $69.8 million. Dose sales grew 21 per cent, driven by a steady increase in volume at existing treatment centres and new centres as well as expansion into Latin America.

During the reporting period, greater emphasis was placed on interfacing with medical oncologists as we continued to grow awareness and acceptance ahead of the results of our SIRFLOX study. We continued to add sales, marketing, manufacturing and quality control staff as we prepare to triple our manufacturing capacity to serve US and international customers.

Europe, Middle East and Africa

Revenue grew three per cent to $22.2 million and dose sales were up nine per cent despite the continued difficult economic conditions within the European Union.

A total of 28 new treatment centres were opened in this region and Europe continues to be the backbone of our global clinical program and our SARAH study is recruiting to schedule while generating strong interest among the oncology community.

Staff numbers in Europe continue to grow and management is focused on completing our new manufacturing facility in Frankfurt, Germany.

Asia Pacific

Revenue in the region grew 26 per cent to $4.8 million with dose sales growth of 29 per cent.

Awareness of our therapy in the Asia Pacifc region is growing particularly at sites participating in our clinical studies programs. As with other regional offices, the team continues to grow in number with the appointment of several experienced oncology staff in sales and marketing and business support. Recruitment into the 360-patient SIR*ve*NIB study continues to gather pace and is progressing well across 12 Asia Pacific countries.

These good results still only represent a fraction of our potential addressable global market.

The focus of all Sirtex team members is to prepare our business for the expected rise in the number of clinicians using our product to treat liver cancer over the coming years.

2020Vision drives strategic priorities

Long-term growth and competitiveness require focus, innovation and steady improvements in productivity. Good strategy is about making good choices and building a competitive advantage.

Sirtex's *2020Vision* strategy is not about a single event or result. It is a road map to guide a sequence of decisions that will enhance our capabilities and prepare for even greater success.

This strategy is designed to build a strong company capable of meeting the opportunities and challenges of significant growth in demand for SIR-Spheres microspheres.

It is important for shareholders to understand that Sirtex is focused on creating value for many years to come

Global clinical recruitment

Study Name[1]	Start	Total Patients	Percentage Recruitment at 30 June 2012	Percentage Recruitment at 30 June 2013	Type of liver cancer
SIRFLOX	2006	518	90%	100%	mCRC
FOXFIRE **FOXFIRE Global**	2010	490	24%	46%	mCRC
SORAMIC	2010	375	21%	41%	HCC
SIR*ve*NIB	2011	360	35%	53%	HCC
SARAH	2012	400	7%	44%	HCC

1 Each study is a randomised controlled trial (RCT).

through our long term plans and the investments we are making today to improve our future capabilities.

Growing by serving our customers

Our *2020Vision* involves Sirtex continuing to build deeper customer relationships. Our growth is closely linked with improving clinical outcomes and our ability to continue to provide solutions and services that help clinicians improve the lives of their patients.

This can only be delivered through a commitment and investment on our part aimed at providing the level one clinical evidence and data they need.

Clinical program

Clinicians are keenly anticipating the results of our major SIRFLOX clinical study which, if positive, will expand the treatment options available and contribute to better clinical outcomes for the thousands of people diagnosed with inoperable liver cancer each year.

We are inspired by the opportunity and importance of our role to provide liver cancer patients with a solution and hope.

Our commitment in this regard is underlined by the $60 million aimed at supporting these major clinical studies around the world.

Our six major studies involve nearly 3,000 patients and the support of many more medical professionals. To ensure these studies deliver results in a timely manner, we continue to invest in building the teams and support needed and this year increased clinical numbers by 12 per cent. The excellent progress of our clinical programs is the result of good planning and the dedication of our teams around the world.

Research and Development

Our *2020Vision* strategy also involves growing our current business while developing new products based on our extensive expertise in the area of targeted oncology therapy.

Serving our customers includes meeting their needs and helping make their jobs easier. In addition to providing new and relevant clinical insights, we are working to deliver a range of innovations to enhance the current product and make it easier and more accurate to administer.

We are committed to innovation, collaboration, improvement and investment in new products that satisfy large unmet clinical needs and further expand the Sirtex business.

Over the past decade we have grown our annual R&D investment from $600,000 in 2003 to $6.6 million in 2013, or 6.8 per cent of revenue.

The major focus of this investment is our SIR-Spheres Evolution Program and research aimed at developing further medical technology with commercial potential. We are working in close collaboration with a range of experts in related disciplines around the world to achieve these goals.

People

Behind the good results this year is the commitment and dedication of Sirtex staff.

The people who work for Sirtex are the greatest single strength of our business. We place a great emphasis on having a good workplace culture at Sirtex and this is reflected in our high retention levels and ability to attract the best people.

To support our growth, we continued to build our capabilities in all areas with a focus on clinical customer support and sales and marketing. During the reporting period, staff numbers grew 29 per cent to 178 full-time employees. Sirtex invests in a number of programs to ensure we maintain high standards of professional knowledge among employees and that we have robust process management systems in place along with the capability to support the global growth ahead.

During the reporting period we initiated an extensive internal online development and training program and launched a quarterly staff newsletter to foster awareness of the roles and contributions of each area of the business.

Our goal is to maintain the same inclusive and supportive working culture that helped us reach where we are today and we are building a world-class workplace.

Manufacturing and Quality Assurance.

Serving our customers also means delivering a product of the highest quality. Our global manufacturing and operations teams are another competitive advantage for Sirtex.

Our world-class manufacturing operations in Wilmington USA, Singapore, and soon in Frankfurt Germany, give us a unique ability to efficiently deliver product to clients in a timely manner. In line with our *2020Vision* strategy we are building further production capacity today for the demands of tomorrow.

Our quality assurance system continues to ensure we comply with all the necessary international regulatory requirements that govern our industry and the team works closely with all areas of the business to provide guidance and advice.

Outlook

It continues to be a privilege to lead a great company that has a positive impact on the lives of so many people with liver cancer. Together with our partners in the medical community, we feel a strong sense of commitment to these people.

I hope this report gives you a sense of what we have achieved this year and also over the past decade along with a sense of the excitement we feel about our future.

We value and appreciate the support of all our shareholders and all of us at Sirtex continue to work hard to grow the value of your investment in this business and the people behind it.

I am confident the strategy we are following will continue to deliver significant long term value and returns as we work to improve the lives of people around the world.

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 is a Fellow of FCPA Australia having been a member 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 – Chief Medical Officer

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 – Global Head of 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 Directors' Report on page 25.*

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Sirtex Medical Limited and its controlled entities (the 'Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition (the 'ASX Principles'). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Further information on the Group's corporate governance policies and practices can be found on Sirtex Medical Limited's website at www.sirtex.com/au/investors/investor-resources/corporate-governance-and-policies/corporategovernance.

Principle 1: Lay solid foundation for management and oversight

Functions of the Board and Management

The Board of Directors is responsible for the corporate governance of the Group and operates in accordance with the principles set out in its Charter. To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board. These responsibilities include:

- Setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved
- Appointing the Chief Executive Officer ('CEO'), approving other key executive appointments and planning for executive succession
- Overseeing and evaluating the performance of the CEO and the executive team through a formal performance appraisal process
- Monitoring compliance with legal, regulatory and occupational health and safety requirements and standards
- Overseeing the identification of key risks for the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level
- Approving the Group's budgets and significant acquisitions, expenditures, and divestitures
- Approval of the annual and half-yearly financial reports
- Ensuring the market and shareholders are fully informed of material developments

The Board has delegated responsibilities for the management of operations and administration of the Company to the CEO and the executive management. The Board ensures that the CEO and the executive management team are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to monitor and assess their performance.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board have established the following committees:

- Remuneration Committee
- Audit Committee

The roles and responsibilities of these committees are discussed later in this statement. Each of these committees have established Charters and operating procedures in place, which are reviewed on a regular basis.

The Board does not have a Nomination Committee. The 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.

Senior Executive performance evaluation

The Board reviews the performance of the CEO and the executive team on a yearly basis. Performance is measured against a set of key performance indicators which have been established with reference to the Group's strategy and the individual's responsibilities.

The Remuneration Committee annually reviews and determines the remuneration arrangements for the CEO and the executive team, submitting their recommendations to the Board for approval.

Principle 2: Structure of the Board to add value

Board composition

The names of the members of the Board as at the date of this report are as follows:

Richard Hill (Chairman) – Independent Non-Executive Director

John Eady (Deputy Chairman) – Independent Non-Executive Director

Grant Boyce – Independent Non-Executive Director

Gilman Wong – Managing Director and CEO

The Board's composition is determined with regard to the following criteria:

- A majority of independent non-executive directors and a non-executive director as chairman
- Re-election of directors at least every three years (except for the Managing Director)
- The size of the board is appropriate to facilitate effective discussion and efficient decision making

With regard to director independence, the Board has adopted specific principles which state that an independent director must not be a member of management and must comply with the following criteria:

- Not, within the last three years, have been employed in an executive position of the Group
- Not be a substantial shareholder or be associated with a substantial shareholder
- Not, within the last three years, acted as a professional advisor to the Group either as a principal or material consultant
- Have no material contractual relationship with any entity within the Group other than in the capacity as a director

At the commencement of this reporting period, the Board comprised of four directors, three of whom were independent non-executive directors. The Board can therefore be considered to be independent.

Role of the Chairman

The Board Charter provides that the Chairman should be an independent non-executive director. The Chairman is responsible for the leadership of the Board. This includes taking responsibility for ensuring that the Board functions effectively and that they comply with the continuous disclosure requirements of the ASX. The Chairman's responsibilities are set out in the Board Charter and include:

- Setting the agenda for Board meetings
- Managing the conduct, frequency and length of Board meetings to ensure that all directors have had the opportunity to establish a detailed understanding of the issues affecting the Group
- Facilitating the Board meetings to ensure effective communication between the directors and that all directors have contributed to the decision making process thereby leading to a considered decision being made in the best interest of the Group and its shareholders.

Remuneration Committee

A Remuneration Committee has been established by the Board. The Committee's role and operations are documented in a Charter which is approved by the Board. This Charter is available on the Group's website under www.sirtex.com/media/59780/remunerationcommitteecharter.pdf.

The Committee's Charter provides that all members of the Remuneration Committee must be Independent Non-Executive Directors. Members of the Committee throughout the period and at the date of this report are John Eady (Chair), Grant Boyce, and Richard Hill, all of whom are Independent Non-Executive Directors.

The number of meetings held and attended by each member throughout the period is set out in the Directors' Report.

Directors' performance evaluation

The Board undertakes an assessment of its collective performance, the performance of the Board committees and the Chairman on an annual basis.

These performance evaluations were carried out during the reporting period and were compliant with the Group's established practices.

Independent professional advice and access to information

Each Director has the right of access to all relevant information in the Group in addition to access to the Group's executives. Each Director also has the right to seek independent professional advice subject to prior consultation with, and approval from, the Chairman. This advice will be provided at the Group's expense and will be made available to all members of the Board.

Insurance

The Group has in place a Directors and Officers liability insurance policy providing cover for current and former Directors and executive officers of the Group against liabilities incurred whilst acting in their respective capacity.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Group recognises the importance of establishing and maintaining high ethical standards and decision making in conducting business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity.

CORPORATE GOVERNANCE STATEMENT

The Group has established a Corporate Code of Conduct and a Director's Code of Conduct, copies of which are available on the Sirtex website under www.sirtex.com/media/59823/corporatecodeofconduct.pdf and www.sirtex.com/media/59826/directorscodeofconduct.pdf. New employees are introduced to the Corporate Code of Conduct as part of their induction training.

Unethical practices, including fraud, legal and regulatory breaches, and policy breaches are required to be reported on a timely basis to management. External third party reporting procedures are available to employees to provide them with the assurance that their identity will be kept confidential at all times.

Securities Trading Policy

The Group has established a Securities Trading Policy which governs the trading in the Group's shares and applies to all Directors and employees of the Group. A copy of this policy is available on the Group's website under www.sirtex.com/media/59635/cpol011_-_securities_trading_policy.pdf

Under this policy, an executive, employee or director must not trade in any securities of the Group at any time when they are in possession of unpublished, price sensitive information in relation to those securities, or during Black Out periods. There are three scheduled Black Out periods each year set out as follows:

- The period of four weeks prior to the release of the Full-Year results to the market
- The period of four weeks prior to the release of the half-year results to the market
- The period of four weeks prior to the Annual General Meeting

Trading in securities of the Group is only allowed outside the Black Out periods. As required by the ASX listing rules, the Group notifies the ASX of any transaction conducted by Directors in securities of the Group.

Diversity Policy

The Group has implemented a Diversity and Equal Employment Opportunity policy. A copy of this policy is available on the Group's website under www.sirtex.com.au/media/64744/cpol014_-_sirtex_diversity_policy.pdf.

The Group recognises that promoting the role of women at all levels within the organisation, as well as facilitating other diversity initiatives, is important. Several programs have been developed and implemented to promote the diversity of the workforce within the Group. Over time, these programs will improve diversity of the workforce.

As at 30 June 2013, the percentage of females working within the Group was as follows:

	All staff	Female	% Female
All roles	178	82	46%
Management	37	20	54%
Executives	12	1	8%
Board	4	–	0%

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Committee

An Audit and Risk Committee has been established by the Board. The Committee's role and operations are documented in a Charter which is approved by the Board. This Charter is available on the Group's website under www.sirtex.com/media/59777/auditcommitteecharter.pdf.

The Committee's Charter provides that all members of the Audit and Risk Committee must be Independent Non-Executive Directors and that the Chair cannot be the Chairman of the Board. Members of the Committee throughout the period and at the date of this report are Grant Boyce (Chair), John Eady, and Richard Hill, all of whom are Independent Non-Executive Directors.

The purpose of the Committee is to:

- Ensure the integrity of the Group's internal and external financial reporting including compliance with applicable laws and regulations
- Ensure that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions
- Ensure that appropriate and effective internal systems and controls are in place to manage the Group's exposure to risk
- Oversee the appointment, compensation and retention of the external auditor, and review of any non-audit services provided by the external auditor
- Regular performance review of the external auditor regarding quality, costs and independence

The number of meetings held and attended by each member throughout the period is set out in the Directors' Report.

Principle 5:Make timely and balanced disclosure

Sirtex Medical Limited has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Group, and ensures that all investors have access to information on the Group's financial performance. This ensures that the Group complies with the information disclosure requirements under the ASX Listing rules.

These policies and procedures include a comprehensive Disclosure Policy that includes identification of matters that may have a material impact on the share price of Sirtex, notifying them to the ASX, posting relevant information on the Group's website under www.sirtex.com/media/59638/cpol004_-_corporate_communications_and_disclosure_policy.pdf.

Matters involving potential market sensitive information must first be reported to the CEO. The CEO will advise the other Directors if the issue is important enough to warrant the consideration of the full Board. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Group to comply with the Information Disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, the CEO or the Company Secretary will disclose the information to the relevant authorities. Board approval is required for market sensitive information such as financial results, material transactions or upgrading/downgrading financial forecasts.

Principle 6: Respect the rights of shareholders

Sirtex Medical Limited has established a Shareholder Communication Policy which describes the Group's approach to promoting effective communication with shareholders which include:

- The Annual Report, including relevant information about the operations of the Group during the period, key financial information, changes in the state of affairs and indications of future developments. The Annual Report can be accessed through the ASX website or the Sirtex website under www.sirtex.com/au/investors/investor-resources/annual-reports/
- The half-year and full-year financial results are announced to the ASX and are available to shareholders through the ASX website or the Sirtex website
- All announcements made to the market and related information are made available to all shareholders through the Sirtex website under www.sirtex.com/au/investors/investor-resources/recent-announcements/
- Detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting
- Shareholding and dividend payment details are available through the Group's share register Boardroom Pty Ltd

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholders identification with the Group's strategy and goals. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of securities to Directors and changes to the Constitution.

The external auditor attends the Annual General Meeting to answer any questions concerning the audit of the Group and the contents of the auditor's report.

Principle 7: Recognise and manage risk

Risk management framework

Sirtex recognises that a robust risk management framework is essential for corporate stability, protecting the interests of its stakeholders and for sustaining its competitive market position and long-term performance.

The following objectives drive the Group's approach to risk management:

- Having a culture that is risk aware and supported by high standards of accountability at all levels
- Promoting and achieving an integrated risk management approach whereby risk management forms a part of all key organisational processes
- Safeguarding the Group's assets
- Enabling the Board to fulfil its governance and compliance requirements
- Supporting the sign off for ASX Principles four and seven by the Chief Executive Officer and the Chief Financial Officer

Audit and Risk Committee

Under its Charter, the Audit and Risk Committee has been delegated responsibility by the Board to oversee the implementation and review of risk management and related internal compliance and control systems throughout the Group.

CORPORATE GOVERNANCE STATEMENT

The Committee reviews the appropriateness and adequacy of internal processes for determining, assessing and monitoring risk areas including the assessment of the effectiveness of the Group's internal compliance and control. The Committee reports to the Board on the major issues and findings that are presented and discussed at its meetings.

Corporate reporting

The Board has required management to design and implement a risk management and internal control system to manage the Group's material business risks and to report on whether those risks are being effectively managed.

The Chief Executive Officer and the Chief Financial Officer have reported and declared in writing to the Board as to the effectiveness of the Group's management of its material business risks, in accordance with Recommendation 7.2 of the ASX Corporate Governance Principles.

The Board has received the relevant declaration from the Chief Executive Officer and the Chief Financial Officer in accordance with s295A of the Corporations Act 2001 and the relevant assurances under Recommendation 7.3 of the ASX Corporate Governance Principles.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

As previously stated in Principle 2, the Board has established a Remuneration Committee whose role is documented in a Charter which is approved by the Board.

The objective of the Committee is to assist the Board in determining appropriate remuneration arrangements for the Directors and executive management.

These objectives include:

- Reviewing the adequacy and form of remuneration of Independent Non-Executive Directors and ensuring their remuneration is reflective of the responsibilities and the risks of being a Director of the Group
- Reviewing the contractual arrangements of the Chief Executive Officer and the executive management team including their remuneration
- Comparing the remuneration of the Chief Executive Officer and the executive management team with similar industries to ensure that remuneration on offer can attract, retain and properly reward performance
- Annually review key performance indicators for the Chief Executive Officer and the executive management team to ensure that they remain congruent with the Group's strategies and objectives
- Reviewing proposed remuneration arrangements for new Directors or executive appointments

The Committee will submit its recommendations to the Board, and the Board will review these recommendations before providing their approval. Details of the Group's remuneration structure and details of senior executive's remuneration and incentives are set out in the Remuneration Report contained within the Directors' Report. The Remuneration Report also contains details on the structure of Non-Executive Director Remuneration.

FINANCIAL REPORT

For the Year Ended 30 June 2013

Sirtex Medical Limited
Consolidated Entity
ABN 35 078 166 122

TABLE OF CONTENTS

DIRECTORS' REPORT

For the Year Ended 30 June 2013

The Directors of Sirtex Medical Limited present their report, together with the financial statements of the consolidated entity, being Sirtex Medical Limited and its controlled entities ('the Group') for the year ended 30 June 2013.

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

Directorships held in other listed entities during the 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 Australia, Asia & 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
322,188 Executive Performance Rights, nil interest in shares

Company Secretary

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

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 is a Fellow of CPA Australia having been member for over 20 years.

Interest in Shares and Options

114,000 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:

	Board of Directors		Remuneration Committee		Audit Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
R Hill (Chairman)	11	10	7	7	5	5
Dr J Eady	11	11	7	7	5	5
G Boyce	11	11	7	7	5	5
G Wong	11	11	–	–	–	–

Principal activities

Sirtex Medical Limited and its controlled entities ('Group') form a biotechnology and medical device group whose primary objective is to manufacture and to distribute effective liver cancer treatments utilising small particle technology to approved markets in Asia-Pacific, Europe and Middle East and North and South America.

Review of operations and financial results

The Group's main product, called SIR-Spheres microspheres, is a targeted radioactive treatment for liver cancer. This treatment is called Selective Internal Radiation Therapy (SIRT) being a minimally invasive surgical procedure performed by an interventional radiologist. The SIR-Spheres microspheres lodge in the small blood vessels of the tumour where they destroy it from the inside over a short period while sparing the surrounding healthy tissue. During the year, the Group sold 7,299 doses worldwide representing less than 1% of the eligible patient population.

Dose sales for the year increased by 18.9% over the previous financial year. The US market with 4,765 doses achieved growth of 21.4%, the European and Middle East (EMEA) market with 1,814 doses achieved growth of 9.1%, and Asia Pacific recorded 720 dose sales representing growth of 29.5%. The doses have been sold through over 600 hospitals worldwide. The largest individual customer, a hospital in the US, represented 1.6% of total dose sales during the year (2012: 2.1%).

The Group recorded sales revenue of $96,773,847 for the financial year ended 30 June 2013. This represents an increase of 17.1% over last financial year ($82,626,741). The marginally higher volume growth compared to sales revenue growth is a result of the change in geographic revenue mix with proportionally more doses sold in the lower margin APAC region. Foreign currency fluctuations had only a minor impact on the business, as the Australia Dollar remained mostly flat against the US dollar and the Euro for most of the year. We note that there was a material depreciation of the Australian Dollar at the end of the financial year, with only a marginal impact on the full year revenue.

Gross margin increased to 81.9% for the year ended 30 June 2013, compared to 81.0% for last financial year. This was the result of improved efficiencies due to higher manufacturing volumes and the termination of outsourced contract manufacturing in April 2013.

Profit before tax has improved by 10.8% to $24,507,306 for the year ended 30 June 2013 (2012: $22,118,425), and Profit after tax has increased by 6.8% to $18,270,025 (2012: $17,103,212). It should be noted that in the last financial year, the Profit before tax included the final settlement of $500,000 from the legal settlement with UWA.

Earnings per share for the year ended 30 June 2013 have increased to $0.328 (2012: $0.307). During the year, a final dividend has been paid in respect of the previous financial year. The dividend amount was $0.10 per share, representing an increase of 42.8% over the previous dividend paid.

Net assets for the Group increased by 19.8% to $88,137,730 (2012: $73,547,980), mainly due to the investment of $12,500,888 (2012: $8,544,713) in intangible assets, $3,694,838 (2012: 1,092,152), in plant and equipment, and $6,647,000 in the increase in cash on hand including short-term deposits under 1 year.

A significant part of the Group's clinical activities is focused on five major post-marketing clinical studies. Consistent with last year, expenses for these studies have been capitalised as they continue to satisfy the recognition criteria for AASB 138 Intangible Assets. Additions to capitalised costs incurred for these studies as well as for two smaller development projects during the financial year ended 30 June 2013 represent a total of $12,500,888 compared to $8,544,712 for the previous financial year.

Dividends

An ordinary dividend of 10 cents per share was declared for the financial year ended 30 June 2012 and paid during the financial year ended 30 June 2013 (30 June 2012: 7 cents).

Significant changes in state of affairs

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

Future developments, prospects and business strategies

The Group's strategy focuses on promoting and developing SIR-Spheres microspheres to become a first line treatment option for patients with inoperable liver cancer, representing a market in mCRC and HCC estimated at approximately 480,000 patients per year.

To achieve this objective, the Group is investing and conducting five major randomised controlled trials that are collectively seeking to recruit in excess of 2,100 patients from over 180 hospitals worldwide, with a total investment of approximately $60 million. Cumulatively, this clinical dataset is approximately 10 times the size of the dataset that currently exists from previously completed clinical studies. With a global Clinical Operations group comprising in excess of 20 employees in the US, Europe, and Asia Pacific, together with contract research organisations and other service providers, the Group possesses the project management and patient recruitment capabilities that are required to complete these large studies.

To prepare for future significant growth upon completion of the clinical studies, the Group has announced a significant manufacturing expansion program that will increase the medium term capacity to manufacture SIR-Spheres microspheres from currently two hot cells, one in the US and one in Singapore, to six hot cells, with three in the US, two in Germany, and one in Singapore. This expansion is expected to be completed within 18 months. Longer term plans to expand beyond this expansion program will be put in place if and when required by market demand.

The Group has been successful in gaining regulatory approval for SIR-Spheres microspheres in key global markets. They include US, Argentina, the European Union, Israel and various Middle East and African markets, Australia, New Zealand, Singapore, Hong Kong, Taiwan, South Korea and various other Asian markets. Sirtex is working towards gaining regulatory approvals in Japan, China, Brazil, Canada, and other markets for its SIR-Spheres microspheres product to continue its geographic growth.

The Group has also invested heavily and will continue to do so in its business processes, infrastructure and human resources. The Group runs globally integrated enterprise resource planning systems to efficiently handle customer orders and manufacturing requirement planning to ensure timely delivery of SIR-Spheres microspheres to the end customer. In addition significant investments have been made in human resources which have seen staff numbers increase threefold in the last five years, from 58 in FY08 to 178 at the end of FY13.

Environmental regulations

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

Unissued Shares

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

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

Grant date	Date of Vesting	Exercise Price $	Number under Rights
22 February 2011	30 June 2013	nil	374,188
23 August 2011	30 June 2014	nil	456,000
28 August 2012	30 June 2015	nil	687,000

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 2013, 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 2013.

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:

	2013	2013	2012	2012
	Ordinary Shares	Performance Rights	Ordinary Shares	Performance Rights
R Hill	–	–	–	–
Dr J Eady	5,000	–	5,000	–
G Boyce	5,000	–	5,000	–
G Wong	–	322,188	–	182,188

Indemnification of officers and auditors

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

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

Events after reporting date

On 1 July 2013, 374,188 Executive Performance Rights issued on 22 February 2011 fully vested, having achieved the performance target. As at 31 July 2013, a total of 311,751 of these performance rights have been exercised and issued as ordinary shares of Sirtex Medical Limited.

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 provided non-audit services to Sirtex Medical Limited for a total of $3,225 (2012: $nil). The services relate to the review of performance rights valuation issued during the year.

A total of $125,000 has been paid as remuneration of the auditor of the parent entity and a total of $116,000 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 2013 has been received and can be found on page 41 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 2013 (audited)

1. Message from the Chairman of the Remuneration Committee

Since its inception, Sirtex has been working to establish its foundation technology as a viable option for cancer treatment. It has developed into a sound business and has supplied over 35,000 doses. To do this, the emphasis of its efforts has had to change from that needed to gain widespread regulatory approval and then reimbursement in major markets, to the establishment of effective sales and marketing teams and reliable, global supply and logistics arrangements.

But SIR-Spheres microspheres are currently used to treat an estimated <1% of the eligible patient population and the Company is now striving to play a larger role in the treatment of cancers. This requires a further change in emphasis and the development of 'level 1 evidence of effectiveness' to demonstrate to Medical Oncologist referrers that SIR-Spheres microspheres do work and should be an accepted option for the mainstream treatment of liver cancers.

At the same time, further clinical studies and research and development are underway to expand the possible uses of SIR-Spheres microspheres to treat other cancers where targeted, internal radiation could offer significant benefits.

The Company's success to date has been driven by very capable and committed staff, able to develop new skills as the work changes and to identify innovations to address complex challenges. The effectiveness of the work to move to this next stage in our development will depend again on the calibre of our staff and the leadership of our executives. Over the next few years at least, change and the need for enhanced skills will be a feature of the work if we are to meet our goals and provide better options for cancer patients.

For this reason, the Board believes that our people are fundamental enablers for the Company and has given high priority to remuneration structure and policy. It believes that the Company must attract and retain high calibre executives as we are not at the stage where the nature of our work is established and largely unchangeable year-on-year.

1.1 Context of Recent Changes

While still early in its development, Sirtex has come a long way in recent years.

- Over the last 7 years dose sales have grown 450%,
- Net profit after tax (NPAT) has grown 924% over the same period,
- Earnings per share (EPS) has grown 923% in the last 7 years,
- Share price has also grown 417% in that time,
- Over the last 5 years annualised TSR Alpha™ was 34.3%, and 28.4% over the last 3 years. This measure normalises for market expectations where a TSR Alpha™ of 0 indicates that shareholder expectations, as at the beginning of the measurement period, have been met, and outcomes above 0, that they have been exceeded. Sirtex's TSR Alpha™ figures indicate that expected returns to shareholders have not only been delivered but significantly exceeded, and
- In the last 4 years Sirtex has delivered $17 million worth of dividends to shareholders.

This performance has been underpinned by the development of professional systems and policies, including those covering remuneration. For some years the Board has sought ways to reward our staff in a way that reflects best practice, is seen as fair and helps focus efforts on areas that are considered critical if the Company is to meet its performance targets and achieve its long-term goals. In 2011 however, we received a 'strike' against the Remuneration Report and, as a result, the Company increased its efforts to seek input on remuneration matters from shareholders.

Several themes emerged from the feedback provided:

- Pay should be fair but sufficient to attract and retain high calibre executives;
- Fees paid to non-executive directors (NEDs) should include some 'at-risk' component to ensure directors have 'skin in the game';
- Executives should receive additional performance-based remuneration (incentives) for exceptional outcomes but not for business-as-usual performance;
- Performance measures associated with incentives should be challenging, progressive and possible, with KPIs that are linked to factors over which an executive has control, but which cannot be easily manipulated; and
- A sense of ownership among executives is desirable to encourage commitment, performance and retention.

The Board has listened to these views and made a range of changes to the Company's remuneration structure and policies.

1.2 Improvements to Executive Remuneration – Policy, Quantum and Structure

Actions taken and principles determined include:

- A thorough, independent review of comparable remuneration practices has been conducted on a market capitalisation basis for both the Australian and international markets in which Sirtex operates.
- Based on these data, the Board has determined that it is both fair and sufficient to attract high calibre executives and employees across the relevant geographies with a structure whereby:
  - There is a fixed element to remuneration, a short-term incentive (STI) and a long-term incentive (LTI) dependent on performance for executive roles, as appears to be common practice in all geographies that were examined;
  - Relevant Base Packages (all fixed elements of remuneration) will be oriented around the 50th percentile (middle of the market) of the most relevant market data references; and
  - Total Remuneration Packages (Base Package plus incentives) would target the 75th percentile level (mid-way between the middle and top of the market data).

The Board feels that this approach is appropriate to the challenges expected to face Sirtex in the foreseeable future and that providing significant performance-related incentives creates a strong platform to attract, retain and motivate executives across the range of geographies in which the Company operates.

- The incentive plans would be designed in a way that complements the more conservative 50th percentile Base Package:
  - The 75th percentile positioning inclusive of target incentives will only become realised (take-home) remuneration if challenging objectives are met for both the short-term and long-term incentives. If target objectives are not met for either or both incentives, the remuneration will fall closer to the 50th percentile of the market on a Total Remuneration Package basis. The opportunity to reach the 75th percentile position via incentives creates a strong focus on the link between performance and reward.

The 75th percentile positioning when target incentives are included, is seen as appropriate during the ongoing development and establishment phases of the Company's evolution which are expected to be the focus for some years to come. The positioning, however, is to be reviewed annually for appropriateness to the Company's circumstances as they evolve.

- Determination of the 50th percentile Base Package and the 75th percentile target amounts are to be based on extensive, independent market data and research:
  - Market capitalisation has been shown to have the strongest correlation with remuneration practices in the geographies examined and is therefore a sound basis for making market comparisons, in combination with sector and industry considerations where possible;
  - While the Remuneration Committee applies its discretion in determining how remuneration will be structured, once a position in the market is selected, the market practice forms the basis of both the remuneration structure and quantum available for the various roles.
- Structures and quanta are monitored regularly:
  - The committee seeks advice and is briefed on alternatives that may be considered beyond evident market practices, concerning both the mix of remuneration elements and performance linkages, at least annually.
- Consistency across the Company is considered important with regard to the aim of building a 'one company culture':
  - The Board and Remuneration Committee see it as appropriate to apply a 50th percentile Base Package and 75th percentile target Total Remuneration Package policy to all senior roles in the Company. Senior executives are supported by their teams and it is therefore important to create internal equity with a strong focus on performance outcomes at all levels and to ensure that actual remuneration is aligned with performance outcomes.
- The long-term incentive component of the Total Remuneration Package is designed to ensure that executives will have a sense of ownership through the opportunity to earn and hold shares in the Company over the longer term (overlapping 3 year measurement periods).
  - An improved Performance Rights plan has been introduced for management which only provides a reward in the case that the Board's expectations have been met or exceeded with regards to performance measures.

1.3 Improvements to Non-Executive Director Remuneration – Policy, Quantum and Structure

Actions taken and principles determined include:

- Rights to shares have been introduced as part of the remuneration package offered to non-executive director roles to ensure they have 'skin in the game'. As a result, a component of NED remuneration will now be exposed to the market in the same way as shareholder benefits;
- Unlike options, Rights offered to NEDs do not have a 'cliff' share price over which value is created or below which the value is reduced to nil, which removes many of the concerns around securities being provided to NED roles;
- Rights are granted on a compulsory salary sacrifice basis, equal to the difference between the 50th percentile of the Australian market and the 75th percentile policy positioning. After sacrificing into shares, the cash component of remuneration remains comparable with the 50th percentile market quantum;
- This aligns the policy for NED roles with that applied to executive KMP roles in that the guaranteed cash component of remuneration is oriented around the middle of the market and the addition of securities which do not have a fixed value position, brings the intended packages closer to the 75th percentile;
- The value of the Rights to be offered to NED roles is sufficiently small to ensure that independence is preserved. For the 2014 financial year it is proposed that Rights for the Board Chair be valued at $24,000, $15,000 for the Deputy Chair and $12,000 for the other director. No Rights have been offered during the year ended 30 June 2013;
- Extreme care has been taken to distinguish the NED Rights Plan from the executive Rights Plan in order to ensure no conflicts of interest can arise. Only the average weighted share price used to calculate the number of Rights awarded are in common;
- It is noted that some stakeholder groups have expressed concerns regarding a 'golden-handcuff' effect of granting securities to NEDs. The Rights used by Sirtex to reward NED roles vest after only one year with a dealing restriction of up to a further 6 years. This will ensure that there is no such effect and that shares will be held for as long as possible (7 years from grant being the maximum tax deferral available in Australia), and
- Moreover, the dealing restrictions and overlapping grants and holding periods ensure that a long-term focus is fostered.

1.4 Improvements to Performance-Reward Linkages

While it is difficult to find measures of performance that are both perfect indicators and acceptable to all stakeholder groups, the Board believes that the following LTI metrics provide a sound basis for assessing performance in the case of Sirtex:

- **Absolute total shareholder return (TSR):** this is the only measure of Company performance that has a direct correlation with the experience of shareholders, which is a primary focus for Sirtex. The Board retains discretion to set the performance hurdles at the commencement of each tranche so as to ensure that management will not obtain a 'free-ride' from a universally rising market.

  Absolute TSR is an external measure of Company performance and, for example positive 'level 1 evidence of effectiveness' would be expected to be reflected in a positive TSR outcome for shareholders over a multi-year period. However, other factors beyond management influence also affect the share price and therefore it was determined that there should be a second measure of performance, not directly related to share price, that could capture the contribution of management to the Company's performance.
- **Earnings per share (EPS) growth rate:** this metric is a way of linking an internal growth measure (profit) to market resources acquired (the number of shares on issue during the period). If earnings are growing on a per-share basis, and debt is managed appropriately (and Sirtex currently has no debt), then the Company is demonstrating an ability to grow the profit that can be generated from shareholders' capital. As increasing profit is another primary objective for a Company that is moving through development stages into a more mature business, the Board is of the view that this is an appropriate metric for Sirtex at this time. The target levels selected for earnings growth are highly challenging and reflect the developing nature of our Company.

Other performance-based metrics considered as an LTI vesting measure, but deemed less appropriate, included:

- **Relative TSR:** this metric compares actual TSR against that for a group of comparator companies. It was rejected due to the fact that currently it is not possible to identify a large enough group of companies that are sufficiently similar to Sirtex to make any comparison meaningful.
- **TSR Alpha™:** this compares actual TSR performance against shareholder expectations as indicated by the Company's relationship with the overall market (known as a beta factor). As a relatively new concept, it is not yet in common use and the Board has decided to assess it over a number of years before reviewing its appropriateness for a Sirtex LTI.

The Remuneration Committee is regularly briefed on and subsequently considers alternative measures of performance to assess whether they may be more effective as the circumstances of the business change. In our opinion, none have yet been identified that appear more appropriate at this time.

Challenging targets have been set for the two metrics selected. The objective is to reward performance in excess of 'business-as-usual' outcomes. It is the view of the Board that neither of the selected measures can be manipulated easily or without the Board becoming aware.

1.5 Conclusion

Over recent years, the Company has produced significant, positive outcomes for shareholders. This success has been in no small part due to the talent that has been attracted and motivated to perform within the Company through strong remuneration policies and structures. In order to continue to drive positive outcomes for shareholders through this next phase of Company development, the Remuneration Committee sees it as appropriate to continue to develop a culture of high performance expectations and competitive but reasonable rewards.

The Board of Sirtex remains committed to engaging with shareholders and stakeholder groups on remuneration issues. The Remuneration Committee is continuously seeking and welcomes input from various sources including shareholders, proxy advisors, remuneration consultants and the management of Sirtex, with the aim of identifying remuneration issues and possible improvements. It is our aim to maintain appropriate practices for the key management personnel of the Company as it evolves.

Sincerely,

Dr John Eady
Chairman of the Remuneration Committee of Sirtex

2. Remuneration Governance Framework Summary

The governance of Key Management Personnel (KMP) remuneration remains of key interest to various stakeholders and observers and therefore Sirtex treats the issue with utmost diligence. A wide range of inputs is considered, both with regard to remuneration practice and Company and role circumstances. Sources include:

- The Board;
- The Remuneration Committee members;
- External remuneration consultants (ERCs);
- Company management such as HR managers;
- Stakeholder groups and shareholders;
- Other experts and professionals such as tax advisors and lawyers; and
- Individual KMP to understand roles and complexities.

Interactions between various parties on remuneration matters are overseen by the Remuneration Committee to ensure that there is appropriate independence and controls placed upon the various parties where necessary. The Remuneration Committee weighs the various information sources to form a complete view of KMP remuneration in the Company's specific circumstances and then either amends or applies the remuneration policies and documents that govern KMP remuneration.

The policies, rules, regulations and statutes that govern KMP remuneration are taken into account and include:

- The Corporations Act;
- ASX Listing Rules and guidelines;
- Non-executive director remuneration policy;
- Executive KMP remuneration policy;
- Short-term incentive plan rules and other documentation; and
- Long-term incentive plan rules and other documentation.

When combined with market data and advice from remuneration consultants, the policies and other documentation noted above guide the Remuneration Committee in making recommendations to the Board as a whole, which is ultimately responsible for managing KMP remuneration.

3. KMP Remuneration Policies

3.1 Non-executive Director KMP Remuneration

Policy

The Board's policy for setting non-executive directors' fees is to position them around the 50th percentile of market practice for comparable non-executive director roles in companies listed on the Australian Securities Exchange (ASX) after a salary sacrifice into Rights has been made (see Remuneration Committee Chairman's comments above). The salary sacrifice into Rights is to the value of the difference between 75th percentile market positioning and 50th percentile market positioning.

The Rights have been structured to ensure that there is no 'golden-handcuff' effect in that they vest after only one year, however subsequent dealing restrictions on shares seek to ensure they will be held for as long as possible. The value of the Rights offered is also considered sufficiently conservative to preserve the independence of directors. (For additional commentary on the logic of changes that have been made to non-executive director remuneration structures, refer to the Message from the Remuneration Committee Chairman earlier in this document.)

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.

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.

Individual Remuneration of Non-executive Directors

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

	Year	Board Fees $	Committee Fees $	Super-annuation $	Other Benefits $	Equity $	Total $
R Hill	2013	151,100	0	0	0	0	151,100
(Chairman)	2012	145,250	0	0	0	0	145,250
Dr J Eady	2013	70,560	5,000	24,240	0	0	99,800
(Deputy Chairman)	2012	64,840	5,188	25,922	0	0	95,950
G Boyce	2013	76,400	10,000	0	0	0	86,400
(Non-executive Director)	2012	72,625	10,375	0	0	0	83,000
Total	**2013**	**298,060**	**15,000**	**24,240**	**0**	**0**	**337,300**
	2012	**282,715**	**15,563**	**25,922**	**0**	**0**	**324,200**

3.2 Executive KMP Remuneration

Policy

The Board's policy for setting executive KMP remuneration is to set the midpoints for Base Packages (the annual Company cost of salary, superannuation contributions, other benefits and fringe benefits tax) around the 50th percentile level 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 policy for Base Packages aims to ensure that fixed remuneration for executives is consistent with market practice and Company fixed costs are controlled at reasonable levels.

In addition to Base Packages, executives participate in short-term incentive (STI) and long-term incentive (LTI) plans, which are considered 'at-risk' remuneration. The policy levels of 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 both the STI and 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.

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	The incentive policy is linked to Company performance to the extent that 'at-risk' remuneration is considered a key driver of executive performance and may be used to focus individuals on those areas and behaviours that are expected to lead to excellent or outstanding Company performance. The policy is intended to ensure the key performance indicators (KPIs) and hurdles selected to measure performance for the purposes of incentives are also linked directly to Company performance or indirectly to outcomes that are expected to contribute to Company performance. The policy also seeks to ensure that an appropriate mix of short-term and long-term incentives are offered to each role according to the impact that the role may have upon short and long-term performance of the Company. However, it should be noted that there are two classes of indicators of Company performance. 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 influenced by external factors. Orienting target incentives to achieve TRPs that fall between 50th percentile (P50) and 75th percentile (P75) of the market is appropriate to ensuring that a culture of performance and reward for performance is strongly reinforced. This is expected to drive positive Company performance more strongly than a policy targeted around a lower positioning.

The executive KMP 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. (For additional comments on the logic of changes to executive remuneration structures refer to the Message from the Remuneration Committee Chairman, earlier in this document.)

Individual Remuneration of Executive KMP

The following table outlines the individual remuneration of executives for the years ending 30 June 2013 and 30 June 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 short-term incentive (STI) amount relates to the STI earned in the financial year as approved by the Board or an accounting assessment on what is likely to be paid if the Board is yet to make a decision. The long-term incentive (LTI) amount is an amount amortised across three years until vesting is decided and arrived at by using a Monte-Carlo simulation model as recommended by external consultants for the performance rights.

The following table outlines the remuneration paid to each Executive KMP:

		Short-term benefits								Long-term benefits		Total Remuneration Package
Name	Year	Salary	Super-annuation	Other benefits	Base Package		Short-term Incentive (STI)*			Share-based payments		
		$	$	$	$	% of TRP	$	% of eligble STI	% of TRP	$	% of TRP	$
G. Wong	2013	582,030	22,970	0	605,000	62	117,900	63	12	255,249	26	978,149
(CEO)	2012	483,202	49,048	0	532,250	68	110,000	60	14	141,608	18	783,858
D. Smith	2013	342,839	17,661	0	360,500	71	54,075	60	11	90,203	18	504,778
(CFO)	2012	330,775	15,775	0	346,550	74	70,000	80	15	49,598	11	466,148
M. Mangano	2013	352,449	7,049	19,616	379,114	72	52,867	60	10	91,971	18	523,952
(President US)	2012	337,242	3,876	24,757	365,875	73	84,321	92	17	51,370	10	501,566
N. Lange	2013	348,411	0	101,523	449,934	74	67,499	60	11	91,971	15	609,404
(CEO Europe)	2012	364,715	0	85,493	450,208	80	62,241	56	11	51,370	9	563,819
Dr B. Chew	2013	330,033	0	31,888	361,921	72	49,505	60	10	91,971	18	503,397
(CEO Asia Pacific)	2012	307,787	0	28,791	336,578	78	43,090	52	10	51,370	12	431,038
R Hardie	2013	332,930	21,470	0	354,400	72	53,160	60	11	86,866	18	494,426
(Head of Operations)	2012	324,925	15,775	0	340,700	77	55,000	64	12	46,231	10	441,931
Dr D. Cade	2013	309,097	16,470	0	325,567	73	52,500	60	12	68,651	15	446,718
(Chief Medical Officer)	2012	250,225	15,775	0	266,000	77	40,000	60	12	39,398	11	345,398
Total	**2013**	**2,597,789**	**85,620**	**153,027**	**2,836,435**	**70**	**447,506**	**61**	**11**	**776,862**	**19**	**4,060,823**
	2012	**2,398,871**	**100,249**	**139,041**	**2,638,161**	**75**	**464,652**	**66**	**13**	**430,945**	**12**	**3,533,758**

*STI figures for 2013 are all accounting estimates (figures for 2012 are actual payments for the year)

4. Performance Related Remuneration

4.1 Short-term Incentives

The short-term incentive (STI) is designed to encourage outstanding performance under two equal, broad headings. These are overall Company performance as measured by Company earnings before interest, tax, depreciation and amortisation, excluding exchange rate fluctuations, Clinical and R&D expenditure (normalised EBITDA), and individual contributions. The selection of Company normalised EBITDA was designed to encourage team work and a one-Company approach by all members of the top executive team.

STI Performance Reward Scale		
Performance Level	Budget Achievement	Percentage of Target STI Payable
< Threshold	STI < 95%	nil
Threshold	STI = 95% 95% < STI < 100%	33% pro-rata
Target	STI = 100% 100% < STI < 105% STI = 105% 105% < STI < 110%	100% pro-rata 133% pro-rata
Stretch	STI > 110%	146%

During this phase of the evolution of Sirtex, the budget is considered a challenging but achievable objective and should not be considered a 'business as usual' outcome.

A range of factors such as expense control, contribution, supply delivery and progress against project milestones is used to assess individual performance and are factors judged by the Board as most likely to contribute to Company success. While other factors have been considered by the Board for use as part of the STI, it is important that the number of measures be small so as to ensure the potential for reward is not diluted across too many measures which would reduce focus on those aspects deemed most important by the Board. Actual performance is judged by the Board after receiving input from the Managing Director in relation to his Direct Reports. The Board retains discretion to vary actual STI payments in the case that unforeseen circumstances prevailed over the period.

4.2 Long-term Incentives

The long-term incentive (LTI) plan operates on the basis of annual grants of Performance Rights (when a parcel of Performance Rights vests it is paid $1,000 in cash and the remaining value is paid in Sirtex shares). Vesting of 50% of the Performance Rights is now subject to Sirtex's total shareholder return (TSR) and 50% subject to earnings per share (EPS) 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 has the highest correlation with Company performance from the perspective of shareholders. It is acknowledged that some stakeholder groups have concerns with the use of TSR as an LTI vesting measure due to the possibility of windfall gains from a universally rising market. However the Board retains discretion to modify vesting performance hurdles at the commencement of each tranche.

Absolute TSR and the scale shown in the table below are currently used to assess performance. Sirtex's TSR is calculated by the Company with the calculations reviewed by the Company's auditor. In selecting the 10%, 15% and 20% as the threshold, target and stretch levels for TSR, the Board referenced 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.

Performance Level	TSR over measurement period % CAGR*	Rights to vest %
< Threshold	TSR < 10%	nil
Threshold	TSR = 10% 10% < TSR < 15%	16.67% pro-rata
Target	TSR = 15% 15% < TSR < 20%	33.33% pro-rata
Stretch	TSR > 20%	100%

*CAGR = compound annual growth rate

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 LTI plan has been in operation since the 2010-11 year. The vesting scale relative to performance is reviewed each year and determined after taking into account of the circumstances of the Company and the market so that the difficulty of the scale remains appropriate.

After engaging with shareholders and other stakeholder groups, it was agreed that an additional measure should be introduced for the LTI plan to take effect from 1 July 2012, with possible vesting on 30 June 2015. EPS growth was selected as the most appropriate second measure. This measure is intended to provide a balance to the TSR measure via a different perspective on Company performance. Earnings per share growth is a method of tracking the ability of the Company to grow profit on a per-share basis. Increasing earnings per share indicates increasing profitability on the resources provided by shareholders, such that if capital is raised via a new share issue, the number of shares increases and profit must also increase to maintain the EPS ratio. Under this approach, debt management is carefully scrutinised by the Board. The table below outlines the vesting scale relative to performance currently used to determine the vesting of LTI for this measure. The vesting scale relative to performance is reviewed each year and altered if the circumstances of the Company or the market are sufficiently different such that the difficulty of the scale is no longer appropriate.

Performance Level	EPS over measurement period %	Rights to vest %
< Threshold	EPS < 10%	nil
Threshold	EPS = 10% 10% < EPS < 17.5%	16.67% pro-rata
Target	EPS = 17.5% 17.5% < EPS < 25%	33.33% pro-rata
Stretch	EPS > 25%	100%

For additional background on the logic of changes to performance-reward links and executive remuneration, refer to the Message from the Remuneration Committee Chairman.

The following table shows movements in Rights granted under the Executive Performance Rights Plan:

2013

	Grant Details			Exercised		Vested		Forfeited	
KMP	Date	No.	Value	No.	$	No.	$	No.	$
G Wong	28 August 2012	140,000	350,000	–	–	–	–	–	–
D Smith	28 August 2012	50,000	125,000	–	–	–	–	–	–
R Hardie	28 August 2012	50,000	125,000	–	–	–	–	–	–
Dr D Cade	28 August 2012	36,000	90,000	–	–	–	–	–	–
M Mangano	28 August 2012	50,000	125,000	–	–	–	–	–	–
N Lange	28 August 2012	50,000	125,000	–	–	–	–	–	–
Dr B Chew	28 August 2012	50,000	125,000	–	–	–	–	–	–
Total		**426,000**	**1,065,000**						

2012

	Grant Details			Exercised		Vested		Forfeited	
KMP	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**						

The value of the Rights issued during the year ended 30 June 2013 has been determined using a Monte Carlo simulation model with the following input parameters:

Issue date	28 August 2012
Exercise price	$nil
Duration of performance rights	3 years
Underlying share price	$6.09
Expected share price volatility	50%
Expected dividend	$0.10 per share
Risk-free interest rate	5.21%

The performance condition for vesting is a combination of Total Shareholder Return (TSR) and Earnings per Share (EPS), measured over a period of three years. Each measure accounts for 50% of the performance hurdle. The number of rights vested is determined as follows:

Issue date TSR (% per annum compound)	28 August 2012 Vesting (%)
Less than 10%	0%
10%	16.67%
15%	33.33%
More than 20%	100.0%

EPS (% per annum compound)	Vesting (%)
Less than 15%	0%
10%	16.67%
20%	33.33%
More than 25%	100.0%

Description of performance rights granted as remuneration

Grant Date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price	Value per right at grant date	Amount paid/ payable by recipient
				$	$	$
28 August 2012	Sirtex Medical Limited	Cash + Ordinary shares in Sirtex Medical Limited indeterminable till exercise.	From vesting date to 30 June 2019	nil	2.50	nil

Link between performance and reward

The following table presents information on Company performance as required under the Corporations Act however further discussion follows:

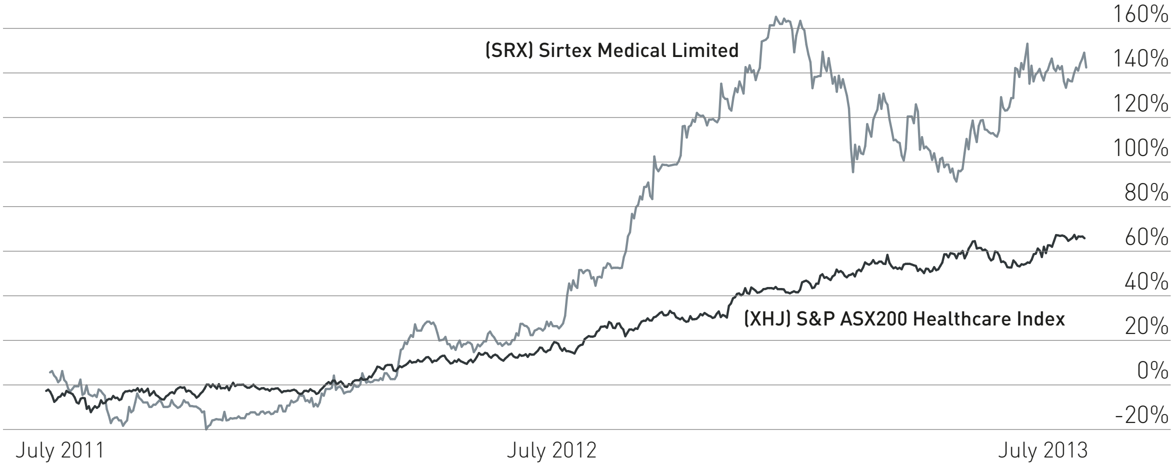
Date	Revenue	Profit after tax	Share price	Change in share price	Dividends	Short-term change in shareholder value over 1 year (SP increase + dividends)		Long-term (cumulative) 3 years' change in shareholder value	
	$M	$M	$	$	$	$	%	$	%
30 June 2008	38.1	(1.2)	3.00						
30 June 2009	65.6	18.2	3.35	0.35	–	0.35	12		
30 June 2010	64.3	16.1	4.90	1.55	0.07	1.62	48		
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
30 June 2013	96.8	18.3	11.98	5.89	0.10	5.99	98	7.32	149

There are more sophisticated measures of Company performance than those shown above. One of those is called TSR Alpha™. It seeks to assess Company performance while taking into account an estimate of the returns that investors 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™.

If TSR Alpha™ is zero then shareholders' expectations have been satisfied, if TSR Alpha™ is negative then shareholders' expectations have not been met and if TSR Alpha™ is positive then shareholders' expectations have been exceeded. Analysis undertaken by The KBA Consulting Group indicates that Sirtex's annualised TSR Alpha™ over the 3 and 5 years up to the end of June 2013 have been 28.4% and 34.3% respectively. These levels show that shareholders' expectations have been consistently exceeded. It should also be noted that these levels of TSR Alpha™ would place Sirtex's performance above the 75th percentile of the top 500 ASX listed companies.

In addition to exceptional TSR and TSR Alpha™ performance, the following further indicates the quality of outcomes achieved by Sirtex:

- Dose sales have been growing strongly in each of the last five years with an approximately 18% growth during 2012-2013,
- Revenue has grown during all but one of the last five years with an approximately 17% growth during 2012-2013, and
- Share price growth has significantly outperformed the ASX Healthcare Index (XHJ) indicating that the TSR performance of 149% growth in the last 12 months is not the result of a universally rising market over the last three years (see chart below taken from ASX website).



The LTI is the main component of executive remuneration that is intended to be strongly related to external indicators of Company performance. The following table gives an indication of Company performance against those measures that are part of the LTI:

Date	EPS			TSR	
	12 month EPS cents per share	12 month EPS growth %	3 year EPS %	12 month TSR	3 year TSR
30 June 2008	2.2				
30 June 2009	32.7	1,386.4		12%	
30 June 2010	28.8	(11.9)		48%	
30 June 2011	20.6	(28.5)	111.8	1%	68%
30 June 2012	30.7	49.0	(2.1)	26%	88%
30 June 2013	32.8	6.8	4.3	98%	149%

The first grant of LTI under the Rights plan was available for vesting during July 2013. The following table indicates the extent to which the LTI delivered rewards to participants, in the context of the strong Company performance outlined above:

Name	Position held at 30 June 2013	2011 Grant number	TSR CAGR Achieved 30 June 2013	% of Grant vested
G Wong	Chief Executive Officer	90,188	34.2%	100%
D Smith	Chief Financial Officer	31,000	34.2%	100%
R Hardie	Global Head of Operations	27,200	34.2%	100%
Dr D Cade	Chief Medical Officer	26,300	34.2%	100%
M Mangano	President US	33,000	34.2%	100%
N Lange	CEO EMEA	33,000	34.2%	100%
Dr B Chew	CEO Asia Pacific	33,000	34.2%	100%
Total		**273,688**		

The reward available and delivered through LTI has a strong correlation with the performance outlined above as demonstrated in this table.

5. Contract Details

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

Name	Position held at 30 June 2013	Contract duration	Notice Period		Termination Payment
			from Company	from KMP	
G Wong	Chief Executive Officer	no fixed term	6 months	6 months	up to 12 months*
D Smith	Chief Financial Officer	no fixed term	6 months	6 months	up to 12 months*
R Hardie	Global Head of Operations	no fixed term	6 months	6 months	up to 12 months*
D Cade	Chief Medical Officer	no fixed term	6 months	6 months	up to 12 months*
M Mangano	President US	no fixed term	6 months	6 months	up to 12 months*
N Lange	CEO EMEA	no fixed term	6 months	6 months	up to 12 months*
B Chew	CEO Asia Pacific	no fixed term	6 months	6 months	up to 12 months*

*under the Corporations Act, the termination benefit is limited to 12 months salary (average of last 3 years) unless shareholder approval is obtained

6. External Remuneration Consultant Advice

During the year Key Management Personnel (KMP) remuneration recommendations and data were received from external remuneration consultant(s). The consultants and the amount payable for the information and work that led to their recommendations are listed below:

Godfrey Remuneration Group Pty Limited	$44,000

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

Godfrey Remuneration Group Pty Limited	Review of Rights Plans and assistance in preparing Remuneration Report disclosures for the 2012 Annual Report.	$22,150

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 that that 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

15 August 2013

Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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 2013, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Partner - Audit & Assurance

Sydney, 15 August 2013

DIRECTORS' DECLARATION

For the Year Ended 30 June 2013

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 46 to 79, 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 2013 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 company will be able to pay its debts as and when they become due and payable.

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

Gilman Wong
Director

Sydney, 15 August 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 19, 2 Market Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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

Report on the financial report

We have audited the accompanying financial report of Sirtex Medical Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit and loss statement and other comprehensive income, consolidated statement of changes in equity and consolidated 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 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 in accordance with Australian Accounting Standards and the Corporations Act 2001 The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is 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, the financial statements comply 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. Those standards 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.

GrantThornton

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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion:

a the financial report of Sirtex Medical Limited is in accordance with the Corporations Act 2001, including:

 i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

 ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Report on the remuneration report
We have audited the remuneration report included in pages 29 to 40 of the directors' report for the year ended 30 June 2013. 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.

GrantThornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Sirtex Medical Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Partner - Audit & Assurance

Sydney, 15 August 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2013

		Consolidated	
	Note	2013 $'000	2012 $'000
Revenue from the sale of goods	2(a)	96,774	82,627
Cost of sales		(17,557)	(15,669)
Gross profit		**79,217**	**66,958**
Other revenue	2(b)	2,419	2,817
Other income	2(c)	1,110	1,131
Marketing expenses		(34,187)	(27,896)
Research expenses		(5,216)	(5,284)
Regulatory expenses		(755)	(535)
Quality assurance expenses		(1,148)	(1,042)
Clinical trial expenses		(4,771)	(4,137)
Medical expenses		(1,641)	(1,306)
Administration expenses		(10,171)	(8,545)
Other expenses		(350)	(43)
Profit before income tax		**24,507**	**22,118**
Income tax expense	4	(6,237)	(5,015)
Profit for the year		**18,270**	**17,103**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (net of tax) of foreign operations		648	(429)
Total comprehensive income for the year attributable to members of the parent entity		**18,918**	**16,674**
		Cents	Cents
Earnings Per Share			
Basic earnings per share	19	32.8	30.7
Diluted earnings per share	19	32.0	30.2
Dividends per share	20	10.0	7.0

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

		Consolidated	
	Note	2013 $'000	2012 $'000
Current Assets			
Cash and cash equivalents	5	20,094	13,447
Other short-term deposits under 1 year	6	32,000	36,000
Trade and other receivables	7	20,645	18,160
Inventories	8	1,690	889
Financial assets	9	680	457
Other current assets	10	2,223	1,648
Current tax assets	11(a)	–	30
Total – Current Assets		**77,332**	**70,631**
Non-Current Assets			
Property, plant and equipment	12	9,129	6,633
Intangible assets	13	28,376	16,082
Deferred tax assets	11(b)	2,930	3,310
Total Non-Current Assets		**40,435**	**26,025**
Total Assets		**117,767**	**96,656**
Liabilities			
Current Liabilities			
Trade and other payables	14	11,076	8,752
Current tax liabilities	15(a)	1,895	1,144
Short-term provisions	16(a)	6,855	6,594
Total – Current Liabilities		**19,826**	**16,490**
Non-Current Liabilities			
Long-term provisions	16(b)	831	760
Deferred tax liabilities	15(b)	8,972	5,858
Total – Non-Current Liabilities		**9,803**	**6,618**
Total Liabilities		**29,629**	**23,108**
Net Assets		**88,138**	**73,548**
Equity			
Issued capital	17	23,521	23,521
Reserves	18	2,183	287
Retained earnings		62,434	49,740
Total – Equity		**88,138**	**73,548**

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2013

	Ordinary Shares $'000	Share Rights Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Profits $'000	Total $'000
Consolidated Entity					
Balance at 1 July 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)
Total transaction with owners	**–**	**635**	**–**	**(3,904)**	**(3,269)**
Balance at 30 June 2012	**23,521**	**750**	**(463)**	**49,740**	**73,548**
Foreign currency translation reserve	–	–	648	–	648
Profit attributable to members of parent entity	–	–	–	18,270	18,270
Total comprehensive income for the year attributable to the members of parent entity	**–**	**–**	**648**	**18,270**	**18,918**
Share rights reserve	–	1,248	–	–	1,248
Dividends paid or provided for	–	–	–	(5,576)	(5,576)
Total transaction with owners	**–**	**1,248**	**–**	**(5,576)**	**(4,328)**
Balance at 30 June 2013	**23,521**	**1,998**	**185**	**62,434**	**88,138**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2013

		Consolidated	
		2013	2012
	Note	$'000	$'000
Cash Flows From Operating Activities			
Receipts from customers		93,006	79,815
Payments to suppliers and employees		(65,878)	(58,732)
Recovery of legal fees		–	500
Interest received		2,655	1,993
Net income tax paid		(5,456)	(3,589)
Net cash provided by operating activities	**5(b)**	**24,327**	**19,987**
Cash Flows From Investing Activities			
Investment in other short-term deposits		4,000	(36,000)
Purchase of plant and equipment		(3,695)	(1,092)
Internally generated intangible assets		(12,501)	(8,545)
Net cash used in investing activities		**(12,196)**	**(45,637)**
Cash Flows From Financing Activities			
Payment of dividends		(5,484)	(3,818)
Net cash used in financing activities		**(5,484)**	**(3,818)**
Net increase/(decrease) in cash held		**6,647**	**(29,468)**
Cash and cash equivalents at the beginning of financial year		**13,447**	**42,915**
Cash and cash equivalents at the end of financial year	**5(a)**	**20,094**	**13,447**

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

Note 1: Statement of Significant Accounting Policies

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

Compliance with Australian Accounting Standards ensures that the financial report of the Group 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 consolidated financial statements were approved and authorised for issue by the Directors on 15 August 2013.

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

(a) Principles of consolidation

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

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

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

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

(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 when the Group has transferred the significant risks and rewards of ownership to the buyer. Due to different legislative and market environments in the regions where the Group is operating, the date of transfer of risks and rewards is different by region. In the US, this date is on the delivery of goods to the customer, and in all other regions, this date is the treatment day of the patient which usually occurs 1 to 2 days after the delivery day.

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 Consolidated Statement of Financial Position.

Cash flows are presented in the Consolidated 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, contingent liabilities and contingent assets

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 of economic resources will be required and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at reporting date. Provisions are discounted to their present value, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Note 1: Statement of Significant Accounting Policies (continued)

(f) Intangibles

Intellectual property

The fair value of intellectual property contributed by an 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.

Internally generated intangible assets

Development costs and certain clinical study costs are capitalised to the extent they satisfy the recognition criteria for internally generated intangible assets.

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 judgement 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 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%
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 as undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers' compensation insurance and payroll tax. Employee benefits expected to be settled beyond 12 months are carried at the present value of the estimated future cash flows.

Long service leave

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

Superannuation plans

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

Share-based payments

The Group 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 Group 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 Group'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 profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

Sirtex Medical Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Taxation 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.

R&D tax credits arising from the recognition of eligible R&D expenditure under the Federal Government's R&D Tax Incentive Scheme are offset against any income tax payable.

(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 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.

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 profit or loss and other 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 2013, a total of $453,920 (2012: $100,712) of trade receivables has been estimated as being impaired.

Impairment assessment of internally generated intangible assets is performed in accordance with AASB 136 Impairment of Assets. For the year ended 30 June 2013, no impairment has been recognised for the clinical trials and development projects which meet the recognition criteria for internally generated intangible assets.

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.

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 the Asia Pacific (APAC), the Americas, Europe, Middle East and Africa (EMEA).

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) Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. Equity also includes the Foreign currency translation reserve which comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into AUD.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved prior to the reporting date.

All transactions with owners of the parent entity are recorded separately within equity.

(z) 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.

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income (AASB 101) (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. This change has been reflected in the financial statements.

New Accounting Standards for Application in Future Periods

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

AASB 9 Financial Instruments (applicable for annual reporting periods beginning on or after 1 January 2015): The standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- De-Recognition requirements for financial assets and liabilities.

At 30 June 2013, the entity has no financial liabilities measured at fair value through profit or loss. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss. The amendments apply retrospectively from date of initial application, which will be 1 July 2014. Therefore, at this stage, it is not yet possible for the entity to quantify the impact on the financial statements of first time application of these amendments.

Note 1: Statement of Significant Accounting Policies (continued)

AASB 10: Consolidated Financial Statements (applicable for annual reporting periods beginning on or after 1 January 2013): AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities.

The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the financial statements.

AASB 12 Disclosure of Interests in Other Entities (applicable for annual reporting periods beginning on or after 1 January 2013): AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

While AASB 12 does not affect the amounts recognised, it will require more disclosure compared to the current requirements.

AASB 127 Separate Financial Statements (applicable for annual reporting periods beginning on or after 1 January 2013): As a consequence of issuing AASB 10, AASB 11 and AASB 12, revised versions of AASB 127 and AASB 128 have also been issued.

When these revised standards are adopted for the first time for the financial year ending 30 June 2014, there will be no impact on the financial statements because they introduce no new requirements.

AASB 13 Fair Value Measurement (applicable for annual reporting periods beginning on or after 1 January 2013): AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods ending on or after 1 July 2013)

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

In March 2013, the Australian government released Corporations Legislation Amendment Regulation 2013 which proposed to insert these disclosures into Corporations Regulations 2001 to ensure the disclosure requirements continue to be operative for financial years commencing on or after 1 July 2013. The closing date for submissions was 10 May 2013.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods ending on or after 1 January 2013)

This Standard makes consequential amendments to various Australian Accounting Standards arising from the issuance of AASB 10, AASB 11, AASB 12, AASB 119, AASB 127, and AASB 128.

When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the entity given that they are largely of editorial nature.

AASB 119 Employee Benefits

Main changes include:

- Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans
- Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods
- Subtle amendments to timing for recognition of liabilities for termination benefits
- Employee benefits 'expected to be settled' (as opposed to 'due to be settled' under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability.

Consequential amendments were also made to other standards via AASB 2011-10.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (applicable for annual reporting periods ending on or after 1 January 2013)

The amendments made are largely of the nature of clarifications or removals of unintended inconsistencies between Australian Accounting Standards (for example, AASB 101 is amended to clarify that related notes to an additional statement of financial position are not required in the event of a change in accounting policy, reclassification or restatement).

When these amendments are first adopted for the year ended 30 June 2014, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarifications or removals of unintended inconsistencies between Australian Accounting Standards.

AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (applicable for annual reporting periods ending on or after 1 January 2013): AASB 2012-6 amends the mandatory effective date of AASB 9 so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. It also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition from AASB 139 to AASB 9 in some circumstances. The entity will be able to provide transition disclosures, instead of restating comparatives, upon initial application of AASB 9.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (applicable for annual reporting periods ending on or after 31 December 2013)

AASB 2012-10 clarifies the transition guidance in AASB 10 Consolidated Financial Statements.

When these amendments are first adopted for the year ended 30 June 2014, they are unlikely to have any significant impact on the entity given that they are largely clarification of existing transitional provisions.

IFRIC Interpretation 21 Levies (applicable for annual reporting periods ending on or after 1 January 2014)

IFRIC 21 addressed how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy)

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is adopted for the first time on 1 January 2014, there will be no significant impact on the financial statements as the entity is not subject to any levies addressed by this interpretation.

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

	Consolidated 2013 $'000	Consolidated 2012 $'000
2. Revenue and Other Income		
(a) Revenue from the sale of goods	**96,774**	**82,627**
(b) Other revenue from ordinary activities		
Income from financial institutions	2,419	2,317
Recovery of legal fees	–	500
	2,419	**2,817**
(c) Other income		
Realised foreign exchange gains	361	146
Unrealised foreign exchange gains	725	595
Other	24	390
	1,110	**1,131**

	Consolidated 2013 $'000	Consolidated 2012 $'000
3. Profit For The Year		
Profit from ordinary activities before income tax includes the following:		
Cost of sales	17,557	15,669
Employee benefits expense		
Superannuation contributions	716	574
Other employee benefits expenses	28,799	22,781
Depreciation and amortisation of		
Plant and equipment	1,199	1,169
Intangible assets	207	253
Operating lease expenses		
Minimum lease payments	1,212	810

	Consolidated 2013 $'000	Consolidated 2012 $'000
4. Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	3,089	3,079
Deferred tax	3,551	2,552
Overprovision in respect of prior years	(403)	(616)
	6,237	**5,015**
(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	24,507	22,118
Prima facie tax payable on profit from ordinary activities before income tax at 30%	7,352	6,635
Add/(less): Tax effect of		
– Non-deductible amortisation	54	54
– Non-deductible expenses	191	275
– Non-assessable income	(936)	(1,059)
– Overprovision in respect of prior years	(403)	(616)
Effect of higher tax rates on overseas income	(48)	(272)
Effect of Foreign Currency translation of tax balances	(21)	(2)
Eliminations for the tax consolidated group	48	–
Income tax attributable to entity	**6,237**	**5,015**
The applicable weighted average effective tax rates are as follows	25.5%	22.7%
(c) Franking Account		
Franking account balance	9,191	9,577

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

	Consolidated	
	2013 $'000	2012 $'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	8,094	3,447
Short-term deposits with financial institutions	12,000	10,000
	20,094	**13,447**

Short-term deposits are term deposits with maturity date of less than 90 days.
The effective interest rate on short-term deposits was 4.80% (2012: 5.86%).
These deposits have an average maturity of 22 days as at 30 June 2013 (2012: 67 days).

	2013 $'000	2012 $'000
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	**18,270**	**17,103**
Non-cash flows in profit:		
Depreciation and amortisation	1,406	1,422
Decrease in current tax assets	30	425
Decrease/(Increase) in deferred assets	379	(834)
Share rights reserve	1,248	635
Net foreign exchange differences	556	(421)
Changes in net assets and liabilities		
(Increase)/decrease in assets		
Trade receivables	(3,793)	(2,498)
Other receivables	1,309	(1,513)
Inventories	(802)	137
Other current assets	(797)	(934)
Increase/(decrease) in liabilities		
Payables	1,305	(853)
Current tax liabilities	751	1,000
Short-term provisions	261	1,510
Other current liabilities	1,019	1,022
Long-term provisions	70	400
Deferred tax liabilities	3,115	3,386
Net cash flow from operating activities	**24,327**	**19,987**

	Consolidated 2013 $'000	Consolidated 2012 $'000
6. Other Short-Term Deposits		
Other short-term deposits with financial institutions	32,000	36,000
	32,000	**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 2013 of these term deposits is 203 days (2012: 242 days). The effective interest rate on the deposits is 4.38% (2012: 5.54%).

	Consolidated 2013 $'000	Consolidated 2012 $'000
7. Trade and Other Receivables		
(a) Trade receivables		
Trade receivables	19,562	15,415
Provision for impairment	(454)	(101)
	19,108	**15,315**
(b) Other receivables		
GST receivables	582	707
Other receivables	955	2,139
	1,537	**2,846**
	20,645	**18.160**

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

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 2013				
Trade receivables	(101)	404	(50)	(454)
30 June 2012				
Trade receivables	(455)	(354)	–	(101)

An amount of $454,000 was considered impaired as at 30 June 2013 (2012: $101,000).

Trade receivables past due but not impaired

	Consolidated 2013 $'000	Consolidated 2012 $'000
Less than 30 days overdue	4,760	3,571
30-60 days overdue	1,850	1,288
More than 60 days overdue	2,306	1,269
Total	**8,916**	**6,128**

Collection history from previous years supports management's view that receivables less than 180 days overdue are not considered impaired.

Credit risk

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

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

	Consolidated	
	2013 $'000	2012 $'000
8. Inventories		
Raw materials – at cost	1,690	889
	1,690	**889**

	Consolidated	
	2013 $'000	2012 $'000
9. Other Financial Assets		
Other current financial assets		
Security deposits paid	680	457
	680	**457**

	Consolidated	
	2013 $'000	2012 $'000
10. Other Current Assets		
Prepayments	2,223	1,648
	2,223	**1,648**

	Consolidated	
	2013 $'000	2012 $'000
11. Tax Assets		
(a) Current tax assets		
Current tax assets	–	30
(b) Deferred tax assets		
Tax losses revenue	628	643
Timing differences attributable to:		
Fixed assets	114	87
Employee provisions	595	583
Unrealised foreign exchange losses	12	892
Other*	1,581	1,105
	2,930	**3,310**
*Other includes the following major components:		
Executive performance rights	524	202
AMT credit (US)	160	160
Non-amortised patent costs	154	141
The movement in tax losses is as follows:		
Opening balance	643	711
Credit/(charge) to the statement of comprehensive income	(75)	(84)
Credit/(charge) to equity	60	16
Closing Balance	**628**	**643**
The movement in fixed assets is as follows:		
Opening balance	87	63
Credit/charge) to the statement of comprehensive income	40	9
Credit/(charge) to equity	(13)	15
Closing Balance	**114**	**87**
The movement in employee provisions is as follows:		
Opening balance	582	482
Credit/(charge) to the statement of comprehensive income	11	(81)
Credit/(charge) to equity	2	181
Closing Balance	**595**	**582**
The movement in unrealised FX is as follows:		
Opening balance	892	337
Credit/(charge) to the statement of comprehensive income	(881)	555
Credit/(charge) to equity	1	–
Closing Balance	**12**	**892**
The movement in other is as follows:		
Opening balance	1,105	883
Credit/(charge) to the statement of comprehensive income	406	245
Credit/(charge) to equity	70	(23)
Closing Balance	**1,581**	**1,105**
The overall movement in the deferred tax account is as follows:		
Opening balance	3,310	2,476
Credit/(charge) to the statement of comprehensive income	(499)	643
Credit/(charge) to equity	119	191
Closing Balance	**2,930**	**3,310**

	Consolidated	
	2013 $'000	2012 $'000
12. Property, Plant and Equipment		
Buildings and leasehold improvements		
At cost	1,063	1,063
Accumulated depreciation	(354)	(336)
Net carrying amount	709	727
Plant and equipment		
At cost	10,554	8,893
Accumulated depreciation	(4,127)	(2,987)
Net carrying amount	6,417	5,906
Assets work in progress		
At cost	2,003	–
Accumulated depreciation	–	–
Net carrying amount	2,003	–
Total Property, Plant and Equipment		
At cost	13,610	9,956
Accumulated depreciation	(4,481)	(3,323)
Net carrying amount	9,129	6,633
Movements in carrying amounts		
Buildings and leasehold improvements		
Carrying amount at beginning	727	773
Additions	26	–
Depreciation expense	(44)	(46)
Carrying amount at end	709	727
Plant and equipment		
Carrying amount at beginning	5,906	6,035
Additions	1,666	1,011
Disposals	–	(17)
Depreciation expense	(1,155)	(1,123)
Carrying amount at end	6,417	5,906
Assets work in progress		
Carrying amount at beginning	–	–
Additions	2,003	–
Disposals	–	–
Carrying amount at end	2,003	–
Total Property, Plant and Equipment		
Carrying amount at beginning	6,633	6,808
Additions	3,695	1,012
Disposals	–	(17)
Depreciation expense	(1,199)	(1,169)
Carrying amount at end	9,129	6,633

	Consolidated 2013 $'000	Consolidated 2012 $'000
13. Intangible Assets		
Software		
At cost	538	538
Accumulated amortisation	(531)	(504)
Net carrying amount	7	34
Internally generated intangibles		
At cost	27,677	15,176
Accumulated amortisation	–	–
Net carrying amount	27,677	15,176
Intellectual property		
At cost	3,607	3,607
Accumulated amortisation	(2,915)	(2,735)
Net carrying amount	692	872
Total intangible assets		
At cost	31,822	19,321
Accumulated amortisation	(3,446)	(3,239)
Net carrying amount	28,376	16,082
Movements in carrying amounts		
Software		
Carrying amount at beginning	34	102
Additions	–	5
Amortisation expense	(27)	(73)
Carrying amount at end	7	34
Internally generated intangibles		
Carrying amount at beginning	15,176	6,631
Additions	12,501	8,545
Carrying amount at end	27,677	15,176
Intellectual property		
Carrying amount at beginning	872	1,052
Amortisation expense	(180)	(180)
Carrying amount at end	692	872
Total intangible assets		
Carrying amount at beginning	16,082	7,785
Additions	12,501	8,550
Amortisation expense	(207)	(253)
Carrying amount at end	28,376	16,082

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 2016. 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 7 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 at Group level. 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 4 years assuming no growth rates and a discount rate of 12%.

	Consolidated	
	2013 $'000	2012 $'000
14. Trade and Other Payables		
Trade payables	6,563	5,258
Other accruals and payables	4,513	3,494
	11,076	**8,752**

	Consolidated	
	2013 $'000	2012 $'000
15. Current Tax Liabilities		
(a) Current tax liabilities		
Current tax liability	1,895	1,114
	1,895	**1,114**
(b) Deferred tax liabilities		
Timing differences attributable to:		
Capitalisation of development expenditure	8,303	4,553
Fixed assets	630	520
Other	39	785
	8,972	**5,858**
The movement in the capitalisation of development expenditure is as follows:		
Opening balance	4,553	1,989
Charge to the statement of comprehensive income	3,750	2,564
Charge/(credit) to equity	–	–
Closing balance	**8,303**	**4,553**
The movement in the fixed assets is as follows:		
Opening balance	520	439
Charge to the statement of comprehensive income	35	65
Charge/(credit) to equity	75	16
Closing balance	**630**	**520**

15. Current Tax Liabilities (Cont'd)

	Consolidated 2013 $'000	Consolidated 2012 $'000
The movement in other is as follows:		
Opening balance	785	44
Charge to the statement of comprehensive income	(734)	741
Charge/(credit) to equity	(12)	–
Closing balance	**39**	**785**
The overall movement in the deferred tax account is as follows:		
Opening balance	5,858	2,472
Charge to the statement of comprehensive income	3,051	3,369
Charge/(credit) to equity	63	17
Closing balance	**8,972**	**5,858**

16. Provisions and Accruals

	Consolidated 2013 $'000	Consolidated 2012 $'000
(a) Short-term Provisions and Accruals		
Provisions for employee entitlements (long service leave)	91	77
Miscellaneous accruals	6,764	6,517
	6,855	**6,594**
(b) Long-term Provisions		
Accruals for long service leave	831	760
	831	**760**
The overall movement in the short-term provision account is as follows:		
Opening balance	77	56
Additional provisions for the year	49	21
Amounts used during the year	(35)	–
Closing balance	**91**	**77**
The overall movement in the long-term provision account is as follows:		
Opening balance	760	360
Additional provisions for the year	106	400
Amounts used during the year	(35)	–
Closing balance	**831**	**760**

	Consolidated	
	2013 $'000	2012 $'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

	2013		2012	
	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 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 2013.

	Consolidated	
	2013 $'000	2012 $'000
18. Reserves		
Share Rights Reserve	1,998	750
Foreign Currency Translation Reserve	185	(463)
	2,183	**287**

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.

	Consolidated	
	2013 $	2012 $
19. Earnings Per Share		
(a) Basic earnings per share		
Profit from continuing operations attributable to equity holders	**18,270,000**	**17,103,000**
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)	1,402,688	830,188
(b) Diluted earnings per share		
Profit from continuing operations attributable to equity holders	**18,270,000**	**17,103,000**
Weighted average number of shares used in the calculation of diluted earnings per share	57,170,824	56,598,324

	Consolidated	
	2013 $'000	2012 $'000
20. Dividends		
Distributions paid		
Declared fully franked ordinary dividend of 10 cents (2012: 7 cents) per share franked at the tax rate of 30% (2012: 30%)	5,576	3,904
Balance of franking credit amount at year end adjusted for franking credits arising from payment of provision for income tax	9,191	9,577

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, Americas, Europe, Middle East and Africa (EMEA).

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 interest income from financial institutions and legal settlement with UWA.

Segment performance

Segment revenues

	External sales		Inter-segment		Other		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Asia Pacific	4,746	3,840	91,792	88,946	1,110	1,131	97,648	94,417
Americas	69,833	57,260	6,551	5,264	–	–	76,384	62,524
EMEA	22,194	21,527	195	130	–	–	22,389	21,657
Total of all segments							**196,421**	**178,598**
Unallocated – Interest income							2,419	2,817
Eliminations							(98,537)	(94,840)
Consolidated							**100,303**	**86,575**

Segment net profit after tax

	2013 $'000	2012 $'000
Asia Pacific	22,581	20,589
Americas	1,953	865
EMEA	(27)	664
Total of all segments	**24,507**	**22,118**
Eliminations	–	–
Profit before income tax expense	**24,507**	**22,118**
Income tax expense	(6,237)	(5,015)
Profit after income tax expense	**18,270**	**17,103**

Segment assets and liabilities

	Assets		Liabilities	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Asia Pacific	142,542	109,923	46,361	29,949
Americas	26,270	17,799	14,941	8,521
EMEA	11,478	8,378	9,140	6,245
Total of all segments	**180,290**	**136,100**	**70,442**	**44,715**
Eliminations	(62,523)	(39,444)	(40,813)	(21,607)
Consolidated	**117,767**	**96,656**	**29,629**	**23,108**

Other segment information

	Asia Pacific		Americas		EMEA	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Acquisition of segment assets						
– Land and buildings	–	–	–	–	–	–
– Plant and equipment	175	578	3,124	461	389	48
– Intangible assets	12,501	8,550	–	–	–	–
Depreciation and amortisation of segment assets						
– Plant and equipment	783	778	367	342	49	50
– Intangibles	204	249	–	–	4	4

Major customers

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

22. Share-based Payments

On 28 August 2012, a total of 687,000 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 following 30 June 2015. 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
28 August 2012	687,000

A total of 140,000 rights were granted to the Chief Executive Officer, and a total of 547,000 rights to other executives and senior managers of the Group. The performance rights vest after 30 June 2015, and the extent to which vesting occurs, depends on the achievement of performance conditions.

The Board has determined that there will be two performance conditions with equal weight of 50% each, calculated over a three year period from 1 July 2012 to 30 June 2015 (the Measurement period), namely Total Shareholder Return (TSR) and Earnings per Share (EPS). The percentage of rights vested will be determined as follows:

TSR (% pa compounded)	Vesting (%)
less than 10%	0%
10%	16.67%
10% – 15%	Pro-rata
15%	33.33%
15% – 20%	Pro-rata
20% and more	100%

EPS (% pa compounded)	Vesting (%)
less than 10%	0%
10%	16.67%
10% – 17.5%	Pro-rata
17.5%	33.33%
17.5% – 25%	Pro-rata
25% 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	nil	374,188	–	–	–	374,188	–	–
23 August 2011	30/06/2014	nil	456,000	–	–	–	456,000	–	–
28 August 2012	30/06/2015	nil	–	687,000	–	–	687,000	–	–

The weighted fair value of the performance rights issued during the financial year ended 30 June 2013 has been calculated at $2.50 (2012: $2.24).

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

Exercise price	$nil
Performance rights life	3 years
Underlying share price	$6.09
Expected share price volatility	50%
Expected dividend	$0.10 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 $1,248,258 (2012: $635,191) of performance rights plan expense, and relates in full to equity-settled share-based payment transactions.

23. Key Management Personnel

Refer to the Remuneration Report 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 2013 and 30 June 2012.

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

	2013 $	2012 $
Short-term employee benefits	3,511,382	3,300,852
Post-employment benefits	109,860	126,171
Share-based payment	776,862	430,944
	4,398,104	**3,857,967**

Key management personnel shareholdings

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

	Balance at beginning	Granted as remuneration	Issued on exercise of options	Other changes	Balance at end
30 June 2013					
J Eady	5,000	–	–	–	5,000
G Boyce	5,000	–	–	–	5,000
30 June 2012					
J Eady	5,000	–	–	–	5,000
G Boyce	5,000	–	–	–	5,000

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 2013					
G Wong	182,188	140,000	–	–	322,188
D Smith	64,000	50,000	–	–	114,000
R Hardie	60,200	50,000	–	–	110,200
D Cade	50,300	36,000	–	–	86,300
M Mangano	66,000	50,000	–	–	116,000
N Lange	66,000	50,000	–	–	116,000
B Chew	66,000	50,000	–	–	116,000
Total	**554,688**	**426,000**	**–**	**–**	**980,688**

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 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**

24. Parent Entity

	2013 $'000	2012 $'000
Assets		
Current assets	63,006	56,964
Non-current assets	12,653	12,705
Total assets	**75,659**	**69,669**
Liabilities		
Current liabilities	6,811	4,637
Non-current liabilities	918	931
Total liabilities	**7,729**	**5,568**
Equity		
Issued capital	23,521	23,521
Reserves	739	420
Retained earnings	43,670	40,290
	67,930	**64,101**
Reserves		
Share rights reserve	739	290
Total reserves	**739**	**290**
Financial performance		
Profit for the year	8,957	56,030
Other comprehensive income	–	–
Total comprehensive income	**8,957**	**56,030**

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 2013.

Contractual commitments

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

25. Commitments

Operating Leases

The consolidated entity leases offices in Sydney, Singapore, Germany and 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	84 months	84 months
Singapore	60 months	26 months
Bonn (GER)	60 months	7 months
Frankfurt (GER)	120 months	120 months
Boston (US)	62 months	42 months

With effect 1 August 2013, the current office lease in Sydney has been replaced by a new lease at the same location, for an expanded floor space. The term of the new lease is 7 years.

The lease in Frankfurt/Germany is for the new manufacturing facility, starting in September 2013 for a total lease period of 10 years. The consolidated entity also leases various items of plant and equipment in Germany with lease terms from 36 to 60 months, and remaining periods of 3 to 30 months.

	Consolidated	
	2013 $'000	2012 $'000
Non-cancellable operating leases		
No longer than 1 year	2,038	1,071
Longer than 1 year and not longer than 5 years*	13,306	2,454
	15,344	**3,525**

*The figure includes the total lease cost for the new Frankfurt site of $7,938,000 (2012: $nil).

Research commitments

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

Under these agreements, the consolidated entity is committed to providing funds over future periods, payable within one year, of $1,470,000 (2012: $683,000).

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 $11,212,000 (2012: $5,772,000). The amount of all outstanding contractual commitments as at 30 June 2013 is $17,823,000 (2012: $10,538,000).

26. Controlled Entities

Name of entity	Country of incorporation	Ownership interest 2013 %	Ownership interest 2012 %
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	100
Sirtex Medical Europe GmbH	Germany	100	100
Sirtex Germany Manufacturing GmbH	Germany	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 and in Sirtex Germany Manufacturing GmbH. Sirtex Germany Manufacturing GmbH was incorporated on 25 September 2012. Sirtex Singapore Holding Pte Ltd was incorporated on 23 April 2010, and holds 100% interest in Sirtex Medical Singapore Pte Ltd, Sirtex Global Singapore Pte Ltd and Sirtex Manufacturing Singapore Pte Ltd. Sirtex Medical Ltd and all its Australian-controlled entities are included in the tax-consolidated group and is head entity for tax consolidation.

27. RELATED PARTY TRANSACTIONS

(a) Equity interests in related parties

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

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

At 30 June 2013, $nil (2012: $nil) was payable to directors, key management personnel and director related entities.

At 30 June 2013, $nil (2012: $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 paid management fees of $93,178 (2012: $49,770) to 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: $10,952,504 (2012: $3,766,515)

Loans receivable from subsidiaries: $8,209,722 (2012: $4,434,093)

28. Events After Reporting Date

On 1 July 2013, 374,188 Executive Performance Rights issued on 22 February 2011 fully vested, having achieved the performance target. As at 31 July 2013, 311,751 performance rights have been exercised and issued as ordinary shares of Sirtex Medical Ltd.

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	
	2013 $'000	2012 $'000
Remuneration of the auditor of the parent entity for audit and review of financial reports	125	117
Other non-audit services	3	–
Remuneration of other auditors of subsidiaries for audit and review of financial reports	116	95

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

30. Financial Risk Management

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

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

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

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

	Consolidated	
	2013 $'000	2012 $'000
Financial Assets		
Cash and cash equivalents	20,094	13,447
Other short-term deposits	32,000	36,000
Trade and other receivables	20,645	18,160
Other financial assets*	680	457
	73,419	**68,064**
Financial Liabilities		
Trade and other payables	11,076	8,753
	11,076	**8,753**

*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.

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 2013 on cash was 2.30% (2012: 3.05%) and on short-term deposits 4.50% (2012: 5.61%). All other financial assets and liabilities are non-interest bearing.

Sensitivity analysis

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

	Consolidated	
	2013 $'000	2012 $'000
Change in profit:		
Increase in interest rate by 2%	938	890
Decrease in interest rate by 2%	(938)	(890)

(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 2013, 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 does not have any currency options open at reporting date.

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 6 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	
	2013 $'000	2012 $'000
Change in profit:		
Increase of AUD to USD by 15%	(10,475)	(8,589)
Decrease of AUD to USD by 15%	10,475	8,589
Increase of AUD to EUR by 15%	(3,329)	(3,229)
Decrease of AUD to EUR by 15%	3,329	3,229

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
2013				
Group entity (functional currency)				
North American entities (USD)	10,513	–	–	11,335
European entity (EUR)	–	4,643	–	6,543
Singapore entities (SGD)	–	–	163	139
Balance sheet exposure	10,513	4,643	163	18,017
2012				
Group entity (functional currency)				
North American entities (USD)	8,050	–	–	7,090
European entity (EUR)	–	4,212	–	5,205
Singapore entities (SGD)	–	–	(338)	(261)
Balance sheet exposure	8,050	4,212	(338)	12,034

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.

30. Financial Risk Management (continued)

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

	Notional Amounts		Average Exchange Rate	
	2013 USD '000	2012 USD '000	2013	2012
Call Options (Sell USD/Buy AUD)				
Settlement				
– less than 6 months	–	6,000	n/a	0.99
Put Options (Sell USD/Buy AUD)				
Settlement				
– less than 6 months	–	6,000	n/a	0.95

ADDITIONAL STOCK EXCHANGE INFORMATION

as at 31 July 2013

Number of shareholders

56,079,887 fully paid ordinary shares are held by 4,704 individual shareholders. All issued ordinary shares carry one vote per share.

Distribution of shareholders

	Ordinary Shares	Holders
1 – 1,000	1,369,751	2,587
1,001 – 5,000	3,984,762	1,664
5,001 – 10,000	1,780,147	236
10,001 – 100,000	4,934,055	185
100,001 and over	44,011,172	32
	56,079,887	**4,704**

Substantial shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA	15,335,542	27.346
DR BRUCE GRAY	7,081,814	12.628
NATIONAL NOMINEES PTY LIMITED	5,216,620	9.302
	27,633,976	**49.276**

Twenty largest shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA LIMITED	15,335,542	27.346
ACN 132 442 114 PTY LIMITED	7,081.814	12.628
NATIONAL NOMINEES LIMITED	5,216,620	9.302
RBC INVESTOR SERVICES NOMINEES PTY LTD PI POOLED A/C	2,424,224	4.323
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,185,190	3,897
CITICORP NOMINEES PTY LIMITED	1,986,371	3.542
BNP PARIBAS NOMS PTY LTD SMP AACOUNTS DRP	1,901,528	3.391
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	928,940	1.656
CITICORP NOMINEES PTY LTD COLONIAL FIRST STATE A/C	812,599	1.449
JP MORGAN NOMINEES AUSTRALIA LIMITED – CASH INCOME A/C	704,548	1.256
BANNABY INVESTMENTS PTY LTD	500,000	0.892
UBS NOMINEES PTY LTD	486,190	0.867
RBC INVESTOR SERVICES NOMINEES PTY LTD PIIC A/C	428,474	0.764
SCJ PTY LTD	400,000	0.713
SMALLCO INVESTMENT MANAGER LTD	326,600	0.582
BRISPOT NOMINEES PTY LTD	290,411	0.518
HOUSE OF MAISTER FINANCIAL SERVICES LIMITED	284,491	0.507
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	259,324	0.462
AMP LIFE LIMITED	256,594	0.458
	41,809,460	74.553

COMPANY INFORMATION

Company Secretary
Mr Darren Smith

Stock exchange listing
Australian Stock Exchange Limited
ASX code SRX

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

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

Registered office
Level 33, 101 Miller Street
North Sydney NSW 2060
Tel: +61-2-9964-8400

Principal Places of Business are:

Australian Office
Level 33, 101 Miller Street
North Sydney NSW 2060
Tel: +61-2-9964-8400

United States Office
300 Unicorn Park Drive
Woburn, MA 01801 USA
Tel: +1-781- 721-3200

European Office
Walter-Flex-Strasse 2,
53113 Bonn 53, Germany
Tel: +49-228-1840-730

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

Annual General Meeting
The Annual General Meeting will be held at 10am on 29 October 2013
at Christies, Level 4, 100 Walker Street, North Sydney

www.sirtex.com

SIRTeX

www.sirtex.com