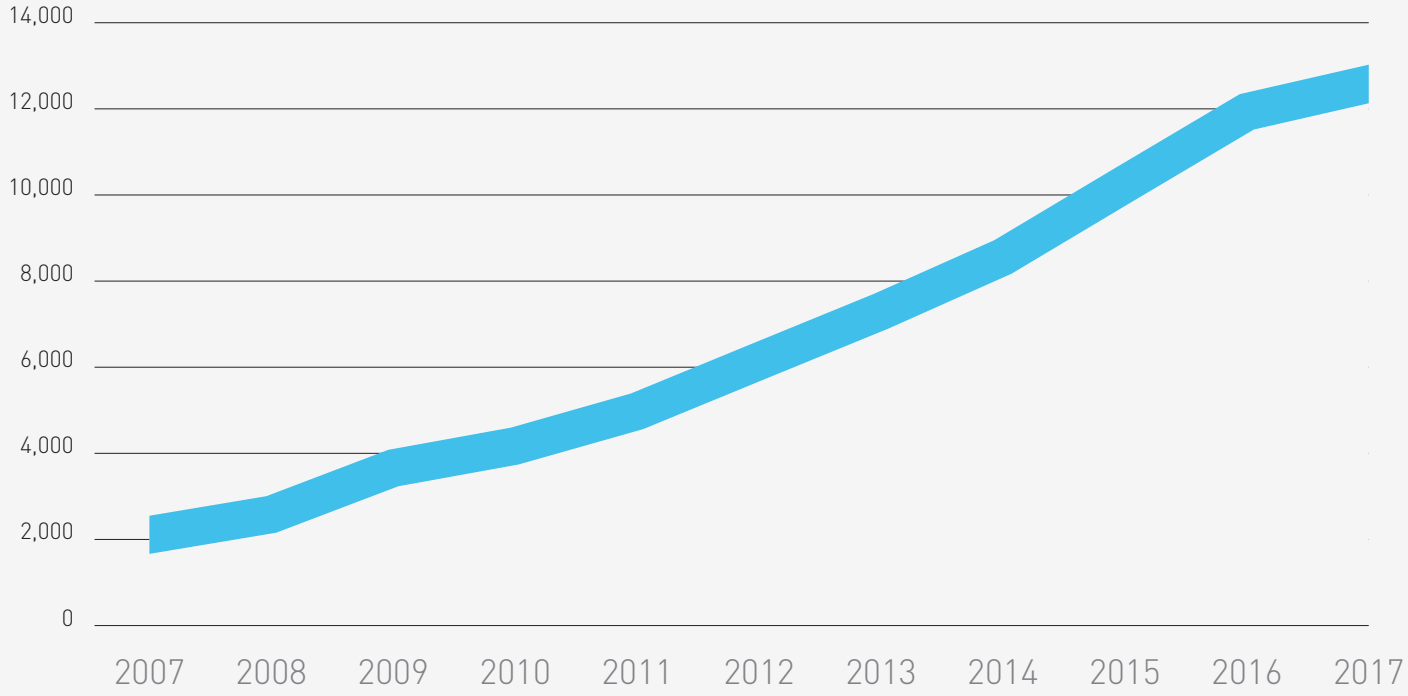
2017 ANNUAL REPORT

SIRTeX

2017 HIGHLIGHTS

DOSES SOLD 2017

12,578



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ABOUT SIRTEX

Sirtex Medical Limited is an Australian-based global healthcare business working to improve outcomes for people with cancer.

Our lead product is a targeted radiation therapy known as SIR-Spheres® Y-90 resin microspheres. It is available in more than 40 countries, within over 1,090 certified hospitals to treat patients with inoperable liver cancer.

Our business revolves around helping medical professionals understand and use our product to improve clinical outcomes and the quality of life for people with liver cancer. While at the same time, we work closely with government and private payers to ensure our patients receive the appropriate reimbursement for our product.

We are challenging established practices and developing innovative new therapies that promise to improve the health and lives of many people suffering from cancer or other diseases.

Our ongoing success is based on a commitment to serving our customers, professionalism, continuous improvement and innovation.

DOSE SALES

12,578 +5.4%

REVENUE

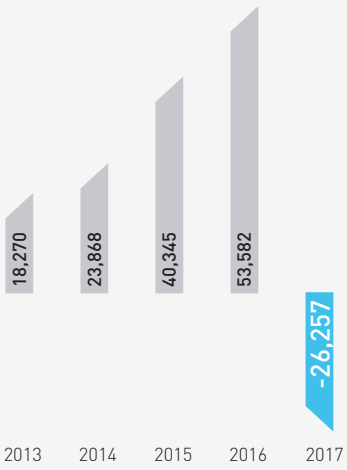
$234.3m +0.8%

NET LOSS AFTER TAX

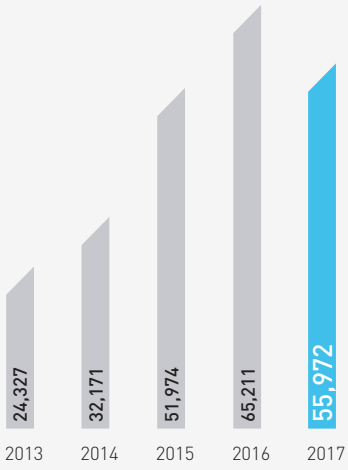
$26.3m -149.0%

2017 FINANCIAL SUMMARY

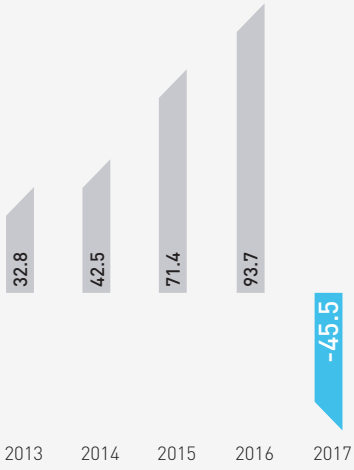
PROFIT AFTER TAX
$'000



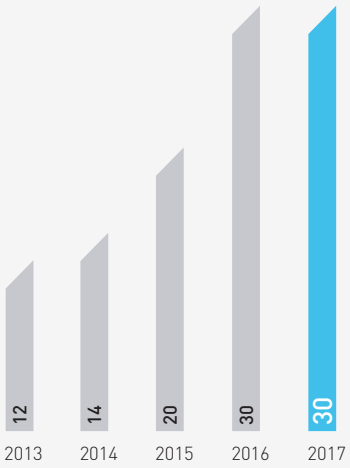
OPERATING CASH FLOW
$'000



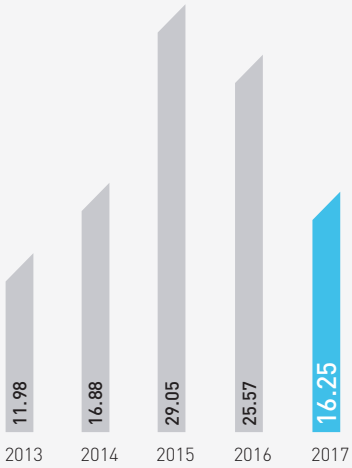
EARNINGS PER SHARE
CENTS



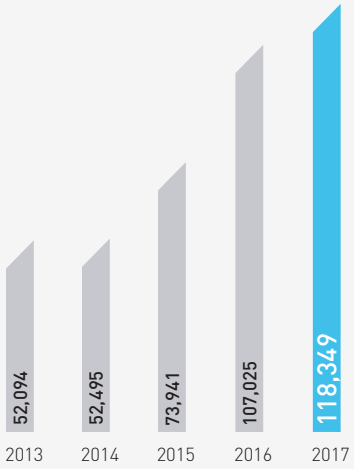
DIVIDEND PER SHARE
CENTS



SHARE PRICE
$ (AT 30 JUNE)



CASH ON HAND
$'000 (AT 30 JUNE)



FIVE YEAR SUMMARY	2013	2014	2015	2016	2017
Dose sales (units)	7,299	8,561	10,252	11,931	12,578
$'000					
Sales revenue	96,774	129,363	176,088	232,492	234,282
Net profit / (loss) before tax	24,507	31,110	52,768	69,998	(40,954)
Net profit / (loss) after tax	18,270	23,868	40,345	53,582	(26,257)
R&D investment*	6,615	7,981	8,641	10,835	11,865
Clinical investment*	15,872	22,168	20,724	20,631	24,852
Capital investment	3,685	6,187	1,692	1,718	1,239
Total assets at 30 June	117,766	148,710	201,476	261,717	194,122
Total equity at 30 June	87,684	107,583	144,636	193,504	149,467
Net tangible assets at 30 June	59,762	60,219	76,609	110,683	140,941
Earnings (loss) per share (cents)	32.8	42.5	71.4	93.7	(45.5)

* Includes both capitalised and expensed items; clinical investment additionally excludes SIRFLOX and SARAH amortisation expense.

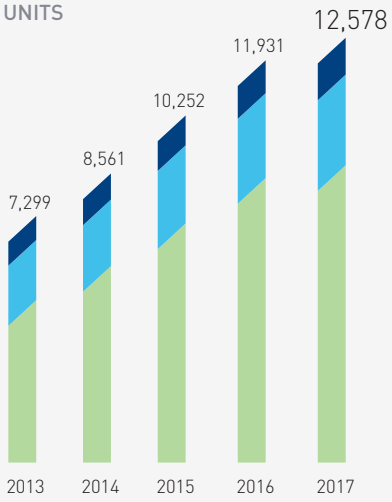
ASIA PACIFIC

EUROPE, MIDDLE EAST & AFRICA

THE AMERICAS

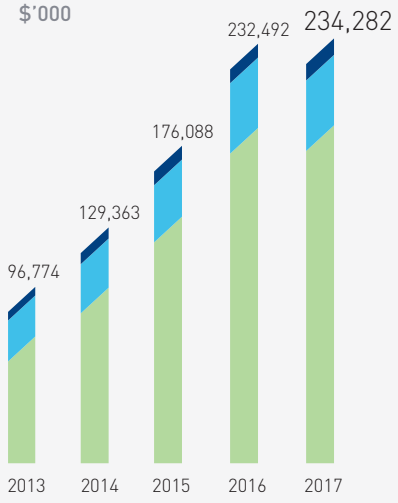
DOSE SALES GROWTH

UNITS



SALES REVENUE

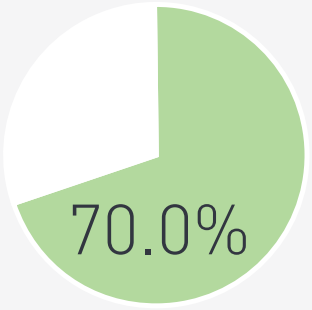
$'000



REGIONAL SPLIT OF SALES REVENUE AND DOSE SALES

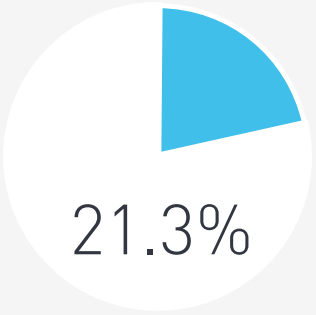
THE AMERICAS

SALES REVENUE IN THE AMERICAS REGION UP 0.9% ON THE PRIOR PERIOD (UP 4.7% ON CONSTANT CURRENCY BASIS)



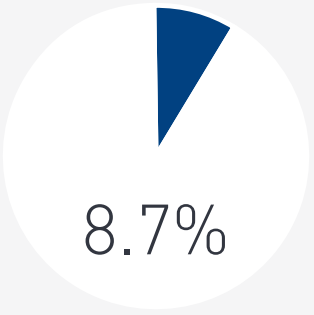
EUROPE, MIDDLE EAST, AFRICA

SALES REVENUE IN THE EMEA REGION DOWN 1.6% ON THE PRIOR PERIOD (UP 6.4% ON CONSTANT CURRENCY BASIS)



ASIA PACIFIC

SALES REVENUE IN THE APAC REGION UP 8.6% ON THE PRIOR PERIOD (UP 11.5% ON CONSTANT CURRENCY BASIS)



THE AMERICAS
UP 4.6% ON THE PRIOR PERIOD

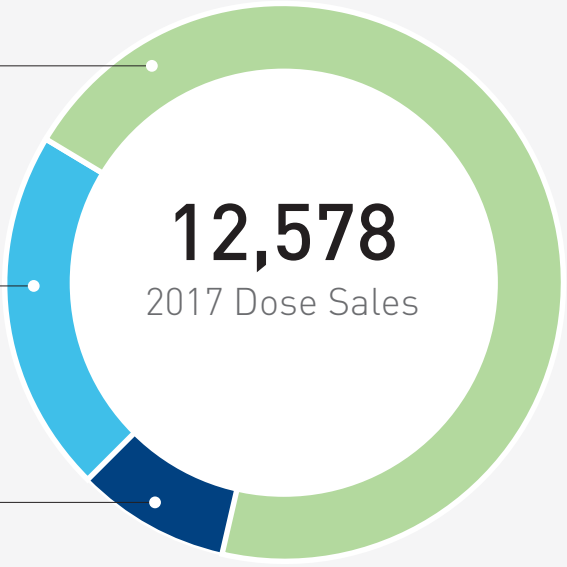
8,807

EMEA
UP 5.9% ON THE PRIOR PERIOD

2,677

ASIA PACIFIC
UP 11.3% ON THE PRIOR PERIOD

1,094



CHAIRMAN'S REPORT

RICHARD HILL
CHAIRMAN

On behalf of the Sirtex Board and management, I hereby present the 2017 Sirtex Annual Report. The 2017 financial year was a challenging one for the Company. We have seen a decline in the historical growth rates achieved for our core product, and none of our major clinical studies met their primary endpoints. Accordingly, we faced the difficult decision of writing off the value associated with those clinical studies, and reducing our global headcount to reflect the wind-down of our major clinical studies, a discontinuation of the majority of non-core R&D and a pull-back in discretionary marketing spend. Importantly, these changes were designed to optimise our corporate structure for growth and enhanced engagement with key clinician users, while more effectively targeting new users and ensuring as many patients as possible receive our innovative therapy through new or expanded reimbursement. We ended the year with a new Chief Executive Officer in place, and the senior management team ready to implement our growth strategies.

It is important for shareholders to recognise that there is still a large global market available for SIR-Spheres® Y-90 resin microspheres. Following the results of all our major clinical studies, with the exception of one study yet to report findings, we now have a very clear understanding of that market opportunity. In the markets in which we currently operate, the salvage-only market opportunity represents 184,000 patients annually. In addition, the SARAH and SIR*v*eNIB results in hepatocellular carcinoma (HCC), the most common form of primary liver cancer showed that despite SIR-Spheres microspheres not meeting the primary endpoint of superiority in Overall Survival (OS) versus the current standard of care, SIR-Spheres microspheres conferred statistically significant safety and toxicity benefits for these patients. In addition, beneficial quality of life benefits were also seen in the SARAH study favouring SIR-Spheres microspheres. HCC represents an annual opportunity of approximately 61,000 patients in our current markets. The interventional oncology space is continuing towards being considered as a fourth tenet of cancer care, alongside long-standing surgical, radiotherapy and chemotherapy-based approaches. Sirtex remains a global leader in the rapidly evolving interventional oncology field.

2017 FINANCIAL PERFORMANCE

Sirtex recorded a disappointing financial performance this year, with a significant decline in volume growth as measured by dose sales. This unexpected abatement in growth saw profits significantly impacted during the year. For the first time since 2010, the Company recorded a reduction in underlying net profit after tax versus the prior year. The profit and loss statement was additionally impacted by the non-cash recognition of asset write-offs related to the capitalised costs of our major clinical studies and R&D development programs, along with provisions relating to the organisational restructure. This has resulted in a material reported loss for the Company of $26.3 million in 2017.

The Company reported SIR-Spheres microspheres dose sales of 12,578, representing growth of 5.4 per cent over the prior corresponding period. The primary headwind of the dose sales performance during the year was the Americas region, which delivered dose sales growth of 4.6 per cent over the prior corresponding period (pcp). EMEA dose sales were up 5.9 per cent and APAC dose sales were up 11.3 per cent versus the pcp. Total product revenue was $234.3 million, up 0.8 per cent on the prior period.

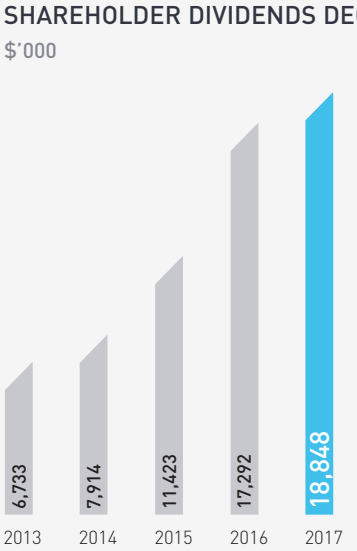
Earnings before interest, tax, depreciation and amortisation (EBITDA) was -$36.7 million, the loss before tax was $41.0 million and as mentioned the net loss after tax was $26.3 million. Excluding the impact of asset impairments and provisions related to restructuring costs, underlying EBITDA was down 17.3 per cent to $61.5 million and underlying net profit before tax was down 18.3 per cent to $57.2 million. Underlying net profit after tax was down 20.9 per cent to $42.4 million.

Cash from operations was $56.0 million, down 14.2 per cent on the previous year with net cash flow after dividend payments and the share buy-back of $12.9 million recorded.

FINANCIAL POSITION

Sirtex ended the financial year in a strong financial position with cash and cash equivalents of $118.3 million. The Company has no short term or long term debt.

During the year, the Board reviewed the carrying value of the Company's clinical and R&D assets in accordance with *AASB138 Intangible Assets* following the results of the clinical studies and the completion of development activities relating to our core SIR-Spheres microspheres product. The Board assessed the carrying value of the SIRFLOX/FOXFIRE/FOXFIRE Global studies in metastatic colorectal cancer (mCRC) and the SARAH/SIR*v*eNIB studies in hepatocellular carcinoma (HCC) following



"The Board of Sirtex works diligently to ensure the Sirtex global management team has the expertise, capability and resources to execute on its global strategies and growth initiatives."

data release and presentation at major oncology conferences, noting in all instances the primary endpoint was not met. Included in this review was the SORAMIC study in HCC, which has yet to report findings. For SIR-Spheres microspheres, the capitalised costs associated with two development projects relating to delivery and dosing were also tested for impairment. As a result of that review, the Board decided to impair the entire carrying value of those assets, representing a one-off, non-cash impairment charge of $90.5 million in FY17. This significantly impacted reported net profit after tax for the year.

As part of the organisational restructure announced in June, pre-tax provisioning costs of $4.1 million were recognised, principally related to employee redundancy payments associated with the reduction in the global workforce. These occurred predominately in the clinical, R&D and global marketing functions of the business.

Despite the asset write-offs, the Sirtex balance sheet remains strong, with net assets of $149.5 million, consisting predominately of cash and property, plant and equipment.

CLASS ACTION

In January, the Company received a letter and draft statement of claim, foreshadowing the commencement of a representative proceeding against the Company in the Federal Court of Australia. The statement of claim alleged breaches by the Company of its continuous disclosure obligations, and alleged misleading and deceptive conduct. The statement of claim was subsequently filed at the Federal Court of Australia, Victoria Registry in early February and proceedings commenced. Sirtex will continue to vigorously defend the proceeding. The matter is set down for a trial commencing late October 2018.

SHARE BUY-BACK

A $30 million on-market share buy-back was announced in February. This was anticipated to commence in March 2017 but was delayed until early June owing to the applicant of the class action seeking a Federal court injunction against the commencement of the buy-back. Thankfully for our shareholders, this injunction was dismissed in late May, and the Company commenced the buy-back following the release of results from our clinical studies at the American Society of Clinical Oncology (ASCO) Annual Meeting.

At the end of the FY17 period, we have bought back $2.9 million worth of our stock, representing approximately 231,000 shares. A further $27.1 million remains to be bought back which is expected to be complete by 8 September 2017. Accordingly, the expected earnings accretion from the buy-back will be skewed towards the FY18 period. The Board will continue to monitor its level of cash on hand and capital efficiency of the business.

DIVIDENDS

The Board of Directors is committed to the payment of dividends to our shareholders. The Directors have approved an unfranked final dividend of 30.0 cents per share for the 2017 financial year, identical to the prior period. The record date for the dividend is 27 September 2017 and the payment date is 18 October 2017.

Inclusive of the 2017 financial year dividend payment to be made on 18 October 2017, Sirtex will have returned to shareholders a total of $69.8 million in dividends since 2011.

DIRECTOR AND BOARD ACTIVITIES

The Board of Sirtex works diligently to ensure the Sirtex global management team has the expertise, capability and resources to execute on its global strategies and growth initiatives.

In April, Mr Neville Mitchell was appointed as an independent Non-Executive Director of the Company. He is a qualified Chartered Accountant with over 25 years of experience as a Chief Financial Officer at Cochlear Limited (ASX:COH). Cochlear is the world's leading company for the development, manufacture and sale of cochlear implants with annual revenue in excess of $1 billion. During that time, Mr Mitchell was responsible for all financial aspects of the business, including ASX compliance and governance, banking, acquisitions and mergers, together with forecasting and budgetary management and responsibility for accounting data, legal and company secretarial and facilities.

Mr Mitchell serves as a Member of the Audit Committee and member of the Remuneration Committee and the Risk, Health and Safety Committee.

There have also been significant changes to the composition of our Executive Management Team during 2017. In January, our CEO, Mr Gilman Wong, ceased his employment with Sirtex following an investigation into his share trading by the Company's legal advisers, Watson Mangioni. All unvested performance rights previously issued to Mr Wong were subsequently forfeited.

"Sirtex's Corporate Governance policies and procedures are available to shareholders and other stakeholders in a single, easy-to-read format within the Investors section of our website."

Following the dismissal of Mr Wong in January, Mr Nigel Lange was appointed as Interim CEO of Sirtex Medical. Prior to this appointment, Mr Lange was Chief Operating Officer of Sirtex. Mr Lange joined Sirtex US in 2002 and then established 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.

During his time as Interim CEO of Sirtex, Mr Lange made some difficult, but necessary decisions for the business and the Board thanks him for his efforts and diligence in this role. Mr Lange resumed his role of Chief Operating Officer, which was re-named as Chief Commerical Officer in May.

In May, we announced the appointment of Mr Andrew McLean as the CEO of Sirtex Medical. This followed a comprehensive global recruitment process that considered both internal and external candidates for the role.

Mr McLean has over 20 years of experience with a track record of success in regional and global leadership roles. His most recent roles were CEO, Applied Sterilisation Technologies and Laboratories with Synergy Health plc, and he leaves STERIS Corporation (NYSE:STE) as Senior Vice President, Corporate Strategy to join Sirtex.

He has a Master of Business Administration from the Macquarie Graduate School of Management and a Bachelor of Economics from Macquarie University. In June, Mr McLean was appointed as an Executive Director of the Company.

CORPORATE GOVERNANCE & REMUNERATION

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 Principles and Recommendations 3rd Edition (the 'ASX Principles'). Our Corporate Governance 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.

Sirtex's Codes and Policies are a key element of our corporate responsibility and govern the way our Directors and employees work. Sirtex's Corporate Governance policies and procedures are available to shareholders and other stakeholders in a single, easy-to-read format within the Investors section of our website. As the policies are updated, where required they are lodged with the ASX and updated on our website. Sirtex strives for transparency in the way the Company is governed.

We were particularly pleased to formally launch The Sirtex Code during the year, which clearly summarises our many corporate level policies into an easy-to-read format and communicates our commitment to integrity, and the highest ethical standards in what we do. The Sirtex Code outlines the key information we expect all employees to know, understand, implement and comply with across a range of policy areas.

In March, we updated our Securities Trading Policy to include a streamlined clearance process for securities dealing for all employees and directors. Other policies updated or introduced during the year included our Privacy Policy, Flexible Working Arrangements Policy, External Audit Inspection Policy and Procedure and our Quality Manual.

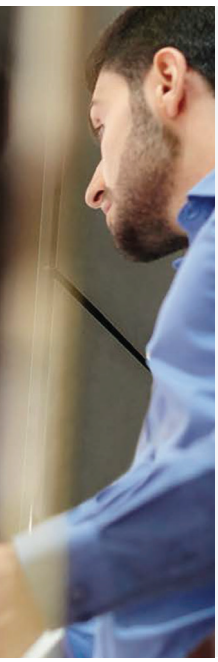
Sirtex's remuneration levels, structure and processes are designed to reflect high ethical standards, the laws of the countries in which the executives are employed, and the fair treatment of all staff.

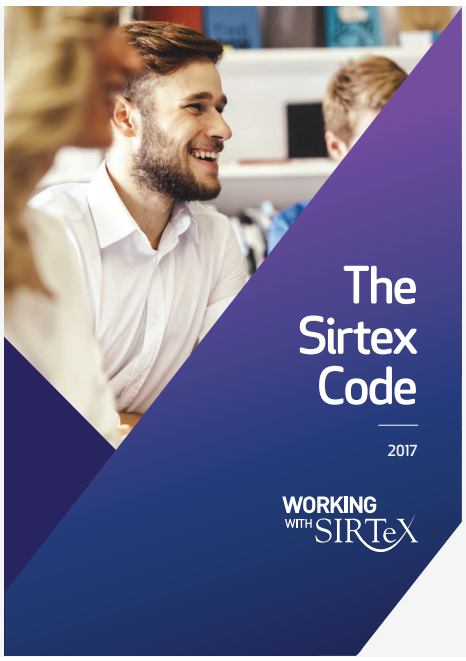
All charters, policies, procedures and rules that relate to Executive and Non-Executive remuneration at Sirtex can be found within the Investors section of our website. We actively encourage investors with any questions or comments regarding the Company's remuneration structure and processes to contact us directly via the website.

OUR PEOPLE

Sirtex works hard to attract and retain top talent who can make a positive contribution to our innovative and dynamic culture that is focused on delivering outcomes for people who suffer from the debilitating effects of liver cancer.

With a global workforce of 292 talented individuals across 20 countries, our employees bring a wealth of knowledge, passion, innovation and expertise to the organisation each day. The Board recognises the dedication and hard work of all our staff members in making Sirtex





"The Sirtex Code outlines the key information we expect all employees to know, understand, implement and comply with across a range of policy areas."

a global leader in the emerging field of interventional oncology.

The health and safety of our staff is paramount and we are committed to a values-based health and safety culture that harmonises with our overall organisational culture. I am particularly pleased to report that only a single lost time injury (LTI) was recorded across our entire global workforce during the year, which emphasises our focus on workplace safety.

Sirtex continues to benefit as an organisation with a diverse workforce. Our workforce represents a number of different cultures and ethnic backgrounds and our people speak multiple languages. Where possible, we seek to align our global workforce to reflect the diversity of our customers across the 40+ countries in which our doses are sold.

At the end of the 2017 financial year, women represented 45 per cent of the total number of employees globally. Sirtex continues to encourage diversity across the business in order to build on identifiable individual strengths within a professional development framework.

This is a key focus of our *Growing with Sirtex* program. Our aim is to increase this percentage at the senior level and we are investing in strategies to achieve increased representation.

CORPORATE SOCIAL RESPONSIBILITY

Sirtex recognises the importance of corporate social responsibility, and remains committed to conducting business ethically while contributing to the social, environmental and economic wellbeing in those locations in which we operate. We acknowledge the benefits the commitments we make in these three key areas can have on our clinician customers, the patients we treat and our shareholders.

We are committed to being a responsible member of the international business community, and acknowledge that our operational integrity and reputation are crucial to our success.

The Company assists its employees to become active supporters of worthwhile causes and participate in community programs outside the workplace. During the year, Sirtex made charitable contributions of $0.34 million, representing 0.6 per cent of our FY17 underlying net profit before tax. This is consistent with our global healthcare peers.

OUTLOOK

We are resolute in our focus on the long term growth opportunity in our under-penetrated market for SIR-Spheres microspheres. With the majority of the clinical results now having delivered findings, it is important to continue to drive dose sales via new and existing clinicians.

We will continue to develop our plans for geographic expansion in Japan and China, and parts of South America.

Government and private payer reimbursement remains an important consideration when patients receive our therapy, and we will continue to work with these groups to ensure as many patients as possible are covered for their SIR-Spheres microspheres treatment.

Finally, we intend to file with the US FDA for additional regulatory clearances for our therapy in the US market during the 2018 financial year. Assuming we are granted such clearance, it will greatly enhance our sales and marketing efforts in this key market to include diseases outisde of mCRC.

RICHARD HILL
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

ANDREW McLEAN
CEO

It was a great honour and privilege to commence the role of new CEO of Sirtex Medical in June. The product we take to clinicians fills a vital need and makes unquestionable differences to the lives of many liver cancer patients and their families.

I am pleased to report another year of growth in dose sales and revenue for Sirtex Medical. Our SIR-Spheres® Y-90 resin microspheres business continues to perform, although growth slowed during the year, reflecting increased competition in the interventional oncology market, new drug therapies and some inefficiencies in our US sales force following the strong expansion in FY16 and the first half of FY17. Dose sales in the Americas, grew 4.6 per cent on the prior corresponding period (pcp), dose sales in EMEA grew 5.9 per cent and dose sales in APAC grew 11.3 per cent. Unfortunately, this slowdown in growth necessitated a change in our levels of investment into the business following the results of the clinical studies in April-June. On an underlying basis, and reflecting the growth in expenditure ahead of these studies, our earnings before interest, tax, depreciation and amortisation (EBITDA) declined by 17.3 per cent to $61.5 million and underlying net profit after tax fell 20.9 per cent to $42.4 million. In June, we took decisive action to address our cost base and levels of expenditure. The Board also reviewed the carrying value of our capitalised clinical and R&D assets. As a result, we took several non-cash, one-off charges to our profit and loss statement, including a $90.5 million non-cash, pre-tax asset impairment and a $4.1 million restructuring charge following a review of our global headcount. This delivered a reported net loss after tax of $26.3 million for the year.

While the interventional oncology market continues to show a solid long term growth profile, Sirtex needs to respond to the global and competitive environment we currently operate in by becoming more productive, efficient and most importantly innovative, to meet the needs of our clinician customers and our valued patients suffering from the debilitating effects of liver cancer. The results of our clinical studies have provided us with a clearly defined market opportunity moving forward. For example, in hepatocellular carcinoma (HCC) the SARAH and SIR*ve*NIB study data allows us to contest an annual market opportunity of 61,000 patients in Sirtex's current markets and the total salvage opportunity is 184,000 patients per annum. We have a long way to go before our global market opportunity for SIR-Spheres microspheres reaches saturation, however we need to expand our global footprint, grow our approved disease indications, and expand our reimbursement.

DOSE SALES GROWTH CONTINUES

In FY17 we saw global dose sales increase 5.4 per cent over the prior year. Revenue growth trailed dose sales growth reflecting the translation effect of a stronger Australian dollar versus the US dollar and Euro over the period. We reported a net loss after tax of $26.3 million, resulting from the significant clinical and R&D asset impairment and restructuring costs both recognised in the second half. The highlights for the 2017 financial year are as follows:

- Dose sales of 12,578, up 5.4 per cent on 2016
- Revenues of $234.3 million, up 0.8 per cent
- Underlying EBITDA of $61.5 million, down 17.3 per cent
- Underlying earnings per share of 73.5cents, down 21.6 per cent
- Dividend per share of 30.0 cents, identical to the previous year
- Operating cash flow of $56.0 million, down 14.2 per cent
- Announced a $30 million on-market share buy-back
- Reported results from the SARAH clinical study
- Reported results from the SIRFLOX/ FOXFIRE/FOXFIRE Global clinical study
- Reported results from the SIR*ve*NIB clinical study
- Reported results from the RESIRT pilot study in kidney cancer
- Reimbursement granted in France
- Commercial supply of doses from our state-of-the art manufacturing facility in Frankfurt, Germany

OUR APPROACH

During the first half of the financial year, our strategy was directed towards building the awareness and educating clinicians on our product ahead of the outcomes from the majority of our clinical studies. Additional to this investment was the continued build of our sales and marketing infrastructure globally to support the results, when delivered. Unfortunately, the lowered dose sales growth delivered in the first half negatively impacted our financial performance relative to the additional expenditures made.

DOSE SALES GROWTH

+5.4%

SALES REVENUE GROWTH

+0.8%

NET LOSS AFTER TAX

$26.3m

UNDERLYING EBITDA

$61.5m

UNDERLYING NET PROFIT AFTER TAX

$42.4m

With the clinical studies reporting out in the second half, we made the necessary adjustments to our cost base to reflect those outcomes.

I certainly look forward to updating investors on our future plans and strategies in the coming months.

DRIVING REIMBURSEMENT IS A KEY ORGANISATIONAL OBJECTIVE

We continue to make progress on our strategy to ensure as many patients as possible are treated with our product. We expanded our Global Pricing, Reimbursement and Market Access team during the year, reflecting our commitment to driving reimbursement expansion across markets, with a focus on EMEA and APAC. As our expansion plans into parts of South America continue, the Company will seek to work with government and private payers. For example, in Brazil, the Decentralized Unified Healthcare System (Sistema Único de Saúde, SUS) is one of the largest public health systems in the world, and provides medical services to 60–80 per cent of the Brazilian population, representing coverage of 51 million people in 2014. The Brazilian private healthcare insurance system is the world's second largest.

In January, we saw the Centers for Medicare and Medicaid Services (CMS) in the United States (US) increase the reimbursement available for SIR-Spheres microspheres by approximately 3 per cent to approximately 3 per cent above our selling price.

In May, we received reimbursement coverage in France. The French Ministry of Health, Ministère des Affaires sociales et de la Santé, agreed to provide reimbursement for SIR-Spheres microspheres for patients with colorectal liver metastases who have failed on or are intolerant to prior chemotherapy. Reimbursement in France is specific to our product and recognises the innovative and specific product characteristics of this trademarked product.

Offsetting the success we achieved in France, the National Health Service (NHS) England confirmed that the funding for SIR-Spheres microspheres within the Commissioning through Evaluation (CtE) scheme would cease at the end of March 2017, after three years of funding. This was disappointing, but Sirtex is continuing its efforts to overturn this decision for the benefit of our patients. This decision did not impact private health insurance reimbursement, where SIR-Spheres microspheres is covered for most primary and secondary forms of liver cancer.

We plan to utilise the results of our major clinical studies which reported during the year to drive new reimbursement where possible. In particular, we see opportunities for the SARAH study data to drive new reimbursement across EMEA, and eventually the US once regulatory clearance is achieved. Within Asia, the results of the SIR*ve*NIB study will be important in our discussions with government payers, given the very high incidence of HCC caused by hepatitis B and C viruses in these markets.

OPERATIONS

We continued to invest in our core capabilities throughout the year as they related to sales and marketing, regulatory and quality assurance, medical and administration.

Sales and marketing, our largest expenditure item, was up 12.5 per cent on the prior year to $89.3 million, or 38.1 per cent of sales.

We continued to focus on expanding the awareness of our product across the clinical community and invested significantly ahead of the results from our three major studies reported from April-June, including at the major medical conferences where the data was presented.

As we continue to increase our manufacturing capability, expand into new markets, market our clinical studies and pursue new treatment indications, our regulatory and quality assurance function needs to keep pace with the increased demands posed by government regulators, customers and patients. Regulatory and quality assurance expenses were up 18.9 per cent to $4.6 million.

MEDICAL AFFAIRS – SERVICING THE CLINICIANS

Medical expenditure grew 20.5 per cent to $7.7 million during the year to educate the many clinicians globally who use, or seek to use our SIR-Spheres microspheres product and wish to enquire on our clinical studies program. One very large initiative established by our skilled medical team has been the RESiN registry.

The RESiN liver tumour patient registry in the US continues to perform above expectations, since its commencement in FY16. As at 30 June 2017, there were 34 active sites and approximately 600 patients enrolled onto the registry. This registry aims to recruit over 500 patients per annum with both primary and secondary (metastatic) liver cancer, so the performance has been very pleasing.

Sirtex at the 6th European Multidisciplinary Symposium on Liver-Directed Cancer Therapy using 90Y Microspheres in Rome, Italy.

We recently expanded the RESiN registry to include sites from Australia and New Zealand, with new sites up and running and other sites planned.

The RESiN registry will provide considerable benefits to Sirtex, including:

Clinical data – Rapidly generates real-world data outside of a narrowly defined clinical trial population

Reimbursement – May support decisions by private payers and Medicare in rarer tumour types

Regulatory clearances – Generates post-marketing data that may support regulatory applications

Clinician awareness – Structured scientific publication strategy

Sirtex was a key sponsor of the 6th European Multidisciplinary Symposium on Liver-Directed Cancer Therapy using 90Y Microspheres in Rome, Italy held in November. This two day, bi-annual symposium attracts hundreds of clinicians and key opinion leaders in the field of radioembolisation from across Europe, Asia and the US to discuss the latest advances in the field.

MANUFACTURING AND SUPPLY CHAIN

Sirtex has manufacturing capabilities in Singapore as well as Wilmington, Massachusetts and now in Frankfurt, Germany. These facilities are close to major transport hubs, allowing for efficient dispatch of our product across the Americas, EMEA and Asia Pacific regions.

We were pleased to commence commercial supply from our state-of-the-art Frankfurt facility during June. This occurred later than originally anticipated owing to some delays in obtaining the requisite regulatory clearances. The Frankfurt facility will supply the EMEA region. I am pleased to report that to date we have not encountered any significant issues in the commencement of commercial supply into this important region for Sirtex.

Given the very short half-life of SIR-Spheres microspheres (64.1 hours), we have invested significant time and resources over the years to optimise our logistical and supply infrastructure, to now cover over 1,090 treatment centres globally. We have demonstrated the ability to scale our business over time to meet the needs of our growing SIR-Spheres microspheres franchise, while preserving our gross margins.

We pride ourselves on the ability to meet our customer requirements in a timely manner. During the 2017 financial year, approximately 97.5 per cent of commercial doses sold reached the patient/hospital no later than 30 minutes from the delivery time stipulated.

INFORMATION TECHNOLOGY

This year our global information technology (IT) team successfully rolled out Phase 2 of our SAP Enterprise Resource Planning (ERP) solution across all three manufacturing sites. This has improved the accuracy and timeliness of data across functions and is assisting in monitoring production operations, from ordering to logistics, in real time. Access to real time data allows for efficiencies in production scheduling, assessing of capacity utilisation, product defect analysis, as well as improved inventory control.

In the past year our IT team has relocated our email platform onto a subscription-based service that reduces our reliance, risk and cost of on-premise equipment. We have also shifted further into a cloud-based platform, which is running some internal business workloads, but most importantly the Sirtex corporate website, bringing performance improvements and uptime capabilities that could not be realised with on-premise equipment. In FY18 we will continue to use and migrate other lines of business applications onto the cloud.

We continued to refine and improve the content on our website, making it easier for key stakeholders to obtain information on Sirtex. This included further refinements to the way we present information to our investors, clinicians, patients and the media. With particular reference to the Media section of the website, we have significantly increased the available information on our Company and products to facilitate a greater level of understanding for news articles and feature stories on Sirtex.

RESEARCH AND DEVELOPMENT

During the reporting period our Research & Development (R&D) expenses were $10.6 million, up 21.1 per cent on the prior period, representing 4.5 per cent of sales.

In February, Sirtex reviewed its R&D activities to align with its redefined strategic direction. This resulted in the Company electing to wind down and then cease the development of the Carbon-Cage Nanoparticles (CCN), Polymer-Coated Nanoparticles (PCN), and

radioprotector programs beyond existing contractual obligations. Where possible, those assets will be divested. For the Histone Inhibition Program (HIP), Sirtex intends to complete the Phase 1 safety and toxicity study for its lead compound STC314, which commenced in the second half of the financial year and is expected to report findings in the second half of next financial year. Once these results are available, we will conduct an evaluation of our commercial options for this program.

Our remaining R&D capability will be directed towards product enhancements and user interface enhancements associated with SIR-Spheres microspheres.

CLINICAL STUDIES

During 2017, we reported the clinical findings from the combined SIRFLOX/FOXFIRE/FOXFIRE Global clinical study in metastatic colorectal cancer (mCRC) representing 1,103 patients and the SARAH and SIR*ve*NIB studies in HCC, which recruited 467 and 360 patients, respectively.

These studies were unique in a number of ways. Firstly, the combined SIRFLOX study was the largest ever interventional oncology (IO) study comparing a liver-directed therapy, namely SIR-Spheres microspheres, in combination with standard of care chemotherapy and biologic therapy in first-line mCRC for patients with liver-only or liver-dominant disease.

The SARAH study was the largest IO study ever to compare the current (and only) standard of care chemotherapy agent sorafenib with a liver-directed therapy in HCC. While SIR*ve*NIB, which was of a similar design to SARAH, was the largest ever study to examine a liver-directed therapy versus sorafenib in a predominately Asian population.

A single remaining study, known as SORAMIC, which is examining the combination of SIR-Spheres microspheres with sorafenib in 420 patients across Europe, is due to report findings in the first half of the 2018 calendar year. The fact all our studies completed recruitment and have mostly reported findings is an incredible achievement. Sirtex would like to thank all those hospitals, clinicians, and of course our patients who participated in these ground-breaking studies.

SIRFLOX/FOXFIRE/FOXFIRE GLOBAL STUDIES IN METASTATIC COLORECTAL CANCER

In May, the results of our major combination study in mCRC, SIRFLOX/FOXFIRE/FOXFIRE Global, was released in abstract form and the results presented as an oral abstract at the American Society of Clinical Oncology (ASCO) annual meeting in June.

The primary endpoint of overall survival (OS) showed no statistically significant difference between SIR-Spheres microspheres plus chemotherapy versus chemotherapy alone (Hazard Ratio (HR) = 1.04; 95% Confidence Interval (CI) 0.90-1.19, p=0.609) in first-line mCRC patients.

Additionally, there was no statistically significant difference in overall progression-free survival (PFS) between SIR-Spheres plus chemotherapy versus chemotherapy alone (HR=0.90, 95% CI 0.79-1.02, p=0.108).There was also no statistically significant difference in OS in either the liver-only disease and liver-dominant disease sub-groups.

We were disappointed that the combined analyses did not meet the primary endpoint of an OS benefit in these first-line patients and that no statistically significant survival benefit was observed in the pre-specified sub-groups, including those patients with metastatic disease confined to their liver.

SIR-Spheres microspheres will continue to be used clinically for those patients who are unable to tolerate, or progress on standard chemotherapy regimens. Current US and European treatment guidelines supporting 'salvage use' of SIR-Spheres microspheres are expected to remain unchanged.

However, an exploratory analyses of the combined SIRFLOX and FOXFIRE Global studies (n=530 and n=209, respectively) showed that for patients with a right-sided primary tumour, median OS was significantly improved with the addition of SIR-Spheres microspheres to standard chemotherapy versus chemotherapy alone (22.0 vs. 17.1 months, respectively; p=0.007; HR = 0.64 (95% CI: 0.46-0.89)), but not for patients with a left-sided primary tumour (24.6 vs. 25.6 months; p=0.279; HR = 1.12 (95% CI: 0.92-1.36)).

This data was subsequently presented at the 19th European Society for Medical Oncology (ESMO) World Congress on Gastrointestinal Cancer (WCGIC) in Barcelona, Spain. Professor Guy van Hazel, Clinical Professor of Medicine at the University of Western Australia and Co- Principal Investigator on the SIRFLOX study, presented the study data.

There is now increased evidence that supports primary tumour location (left side or right side) as being an important prognostic factor in both early and advanced

colorectal cancer. Tumours that arise in the right side of the colon are clinically and biologically distinct from tumours on the left side of the colon. The incidence of right-sided primary colon cancers averages 38% in mCRC patients, based on clinical studies and population-based analysis.

Colon cancer patients who present with a right-sided primary tumour in their colon are clinically more difficult to treat, being less responsive to standard of care chemotherapies and biologic agents. Approximately 24 per cent of patients who were enrolled in the SIRFLOX and FOXFIRE Global studies, where this information was prospectively collected, had a right-sided primary colon cancer.

The statistically significant 4.9 month OS benefit observed in patients who received SIR-Spheres microspheres is clinically meaningful and subject to further confirmatory analyses, coupled with additional supporting evidence of this OS benefit from the FOXFIRE study. Such additional supporting evidence may support consideration of right-sided liver-only or liver-dominant mCRC patients for SIR-Spheres microspheres treatment.

SARAH AND SIR*ve*NIB STUDIES IN HEPATOCELLULAR CARCINOMA

In April, the results of the SARAH study were presented at the European Association for the Study of the Liver, International Liver Congress™ by Professor Valérie Vilgrain MD, PhD. Professor Vilgrain is the Principal Investigator of the SARAH study, Head of Department of Radiology, Beaujon Hospital, AP-HP and Professor at the Université Paris Diderot, Sorbonne Paris Cité, France. The primary endpoint of the study, which was to show that SIR-Spheres microspheres was superior to sorafenib in advanced HCC patients, was not met.

In patients who were randomised to receive treatment, the so-called Intention-To-Treat (ITT) group, the median OS in the SIR-Spheres microspheres arm of 8.0 months versus 9.9 months in the sorafenib arm was not significantly different (HR = 1.15; 95% CI: 0.94-1.41; p=0.18). However, 27 per cent of patients who were randomised to receive SIR-Spheres microspheres did not ultimately receive therapy, which impacted results.

The study investigators therefore examined those patients who actually received SIR-Spheres microspheres, the so-called per-protocol (PP) group. For this comparison, the median OS in the SIR-Spheres microspheres arm was identical to sorafenib (9.9 months, HR = 0.99; 95% CI: 0.79-1.24; p=0.92).

Significantly fewer patients treated with SIR-Spheres microspheres had any treatment-related side effects at all (76.5% versus 94.0% for sorafenib; p<0.001), and these were also less severe (grade ≥3; 40.7% versus 63.0%, respectively; p<0.001). Patients treated with SIR-Spheres microspheres who reported treatment-related side effects experienced a median of only five such events over the course of the SARAH study, compared to a median of 10 events in those who received sorafenib (p<0.001).

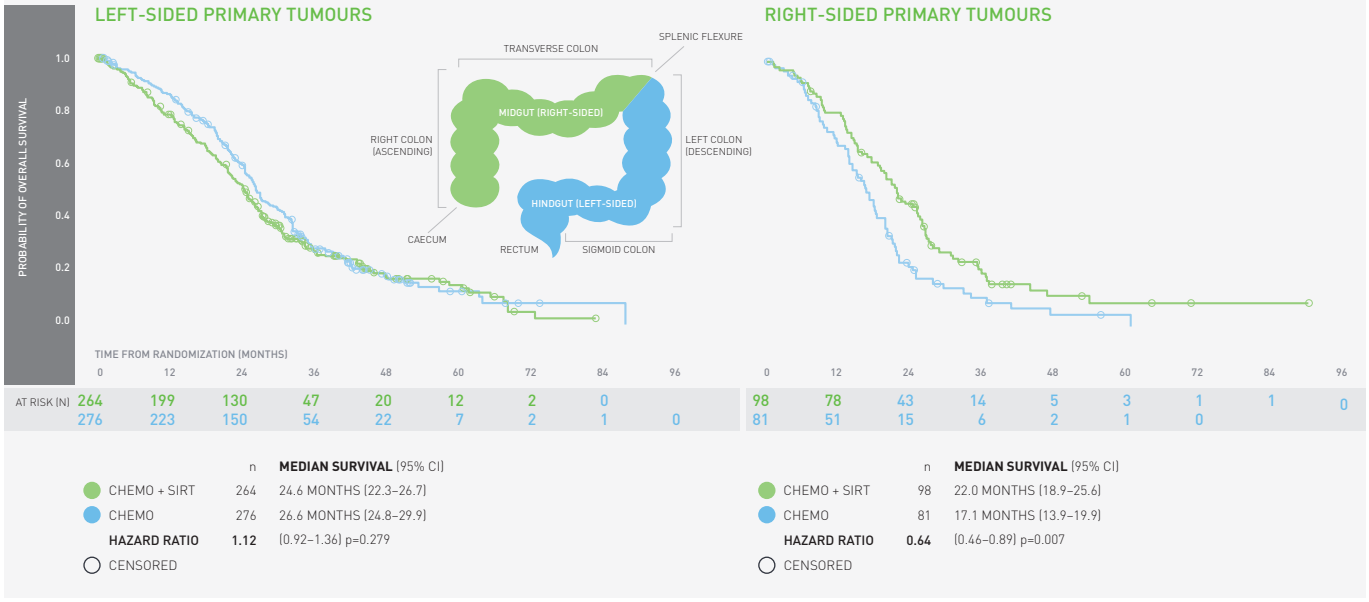
Quality of Life (QoL) analysis showed patients treated with SIR-Spheres microspheres maintained their health status over the duration of the SARAH study, whereas patients receiving sorafenib reported a significant and sustained decline in QoL (group effect: p=0.005; time effect: p<0.001; between group difference increase over time: p=0.045).

We were very pleased with the SARAH results, and we can now market these important findings globally, excluding the US and Taiwan where we are not approved for HCC. As announced, we plan on filing for FDA clearance in the first half of FY18 in support of these results. In Asia, our marketing efforts have been complemented by the findings of SIR*ve*NIB, which showed a similar outcome to SARAH in an Asian population.

In May, the results of the SIR*ve*NIB study were released in abstract form and the results presented as an oral abstract at the ASCO annual meeting in June by Professor Pierce Chow, Principal Investigator of the SIR*ve*NIB study, and Senior Consultant Surgeon at the National Cancer Centre Singapore and the Singapore General Hospital.

SIRflox FOXFIRE Global

OVERALL SURVIVAL FOR mCRC PATIENTS



Sirtex at the 2017 EASL International Liver Congress™ where the SARAH clinical data was presented.

The primary endpoint of the study was not met. In patients who actually received treatment (PP) median OS in the SIR-Spheres microspheres arm of 11.3 months versus 10.4 months for sorafenib was not significantly different (p=0.273; HR = 0.86 (95% CI: 0.66-1.13)).

In patients who were randomised to receive treatment (ITT) the median OS in the SIR-Spheres microspheres arm was 8.5 months versus 10.6 months in the sorafenib arm and this was not significantly different (p=0.360; HR=1.17 (95% CI: 0.88 to 1.42)). In other words, for both the ITT and PP populations, there was statistically no difference in the OS conferred by SIR-Spheres microspheres in comparison to sorafenib.

However, patients treated with SIR-Spheres microspheres showed a significantly better tumour response rate in the treated population versus sorafenib (23.1% versus 1.9%, p<0.001), and a significantly fewer total number of adverse events (27.7% versus 50.6%, p<0.0001) and severe adverse events versus sorafenib (20.8% versus 35.2%, p=0.0091).

The global opportunity for HCC in our current markets based on these findings represents around 61,000 patients annually.

ONGOING CLINICAL STUDIES

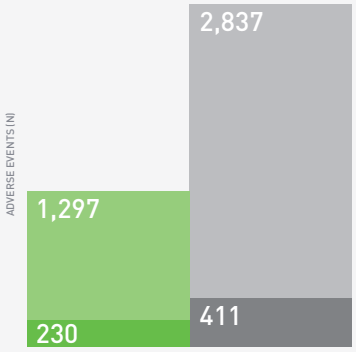
Sirtex continues to fund a number of smaller clinical studies, which are typically investigator-initiated trials.

In October, we announced the launch of a new randomised controlled clinical study of SIR-Spheres microspheres in patients with unresectable intrahepatic cholangiocarcinoma, also known as iCCA.

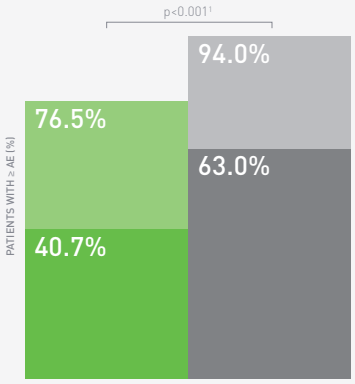
SARAH
SorAfenib versus Radioembolization in Advanced Hepatocellular carcinoma

SIR-SPHERES Y-90 RESIN MICROSPHERES IS SIGNIFICANTLY BETTER TOLERATED THAN SORAFENIB

54% LESS TREATMENT-RELATED AEs



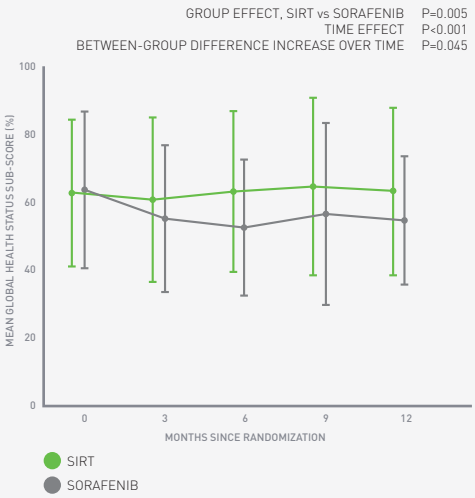
SIGNIFICANTLY FEWER PATIENTS WITH TREATMENT-RELATED AEs



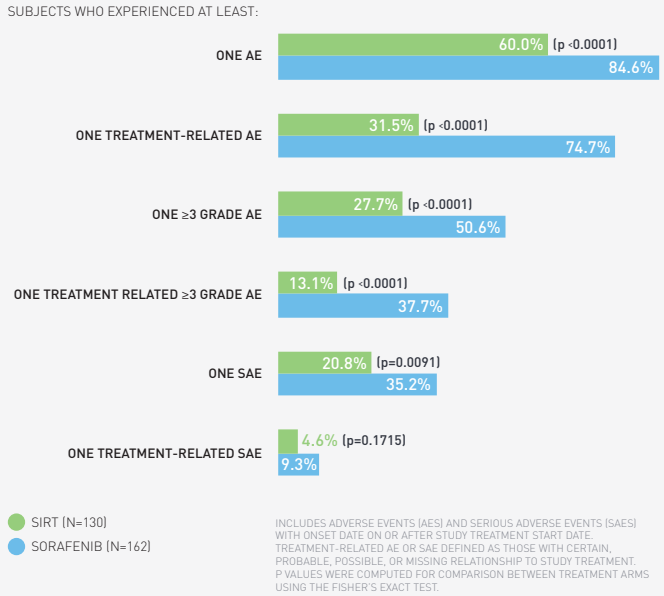
*INCLUDES 26 PATIENTS RECEIVING ONLY SORAFENIB INSTEAD OF SIRT

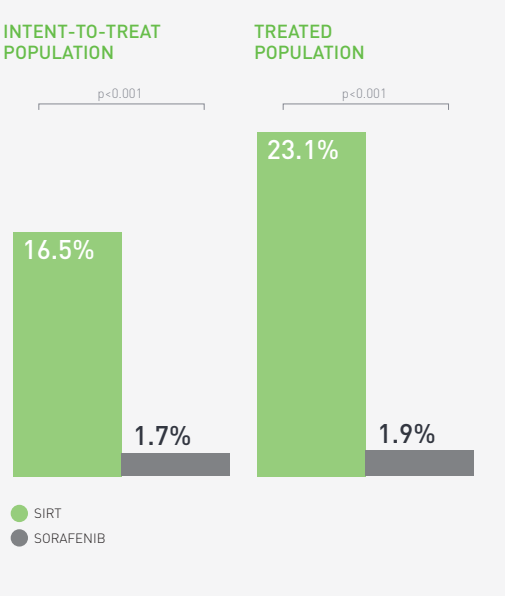
†FOR BOTH ANY GRADE AND GRADE ≥3

SIR-SPHERES Y-90 RESIN MICROSPHERES PROVIDED SIGNIFICANTLY BETTER QUALITY OF LIFE*



SIRveNIB





The study, known as SIRCCA, is a prospective, multi-centre, randomised, controlled clinical study evaluating SIR-Spheres microspheres preceding cisplatin-gemcitabine (CIS-GEM) chemotherapy versus CIS-GEM chemotherapy alone as a first-line treatment of patients with unresectable iCCA.

Although a relatively rare disease, iCCA is the second most common form of primary liver cancer and starts in the bile duct, with an annual incidence of approximately 5,000 patients in the US, which appears to be increasing. Treatment options are limited and survival is typically less than 12 months.

SIRCCA is expected to recruit 180 patients and is being conducted in 30 centres across Australia and Europe. The study is anticipated to complete recruitment in late 2018.

Also in October, we announced the results of our RESIRT study; an Australian-based, single arm, dose escalation study in patients with renal cell carcinoma (the most common form of kidney cancer) that were not suitable for curative therapy by surgical re-section, ablation or other conventional techniques.

A total of 21 patients were treated with SIR-Spheres microspheres in a serial manner, across six dose-escalating cohorts. In terms of initial efficacy of SIR-Spheres microspheres, the best overall tumour responses were: partial response 1/19 (5.3%), stable disease 17/19 (89.5%) and progressive disease 1/19 (5.3%).

In terms of safety data presented, the intended doses were delivered without any dose-limiting toxicity. Furthermore, there were no serious adverse events related to SIR-Spheres microspheres. We are currently assessing our clinical development options.

Our clinical expenses in FY17 were $11.8 million, up 10.3 per cent or 5.0 per cent of sales. Our total investment, including capitalised expenditure and excluding amortisation expense was $24.9 million, up 20.5 per cent.

REGIONAL GROWTH PERFORMANCE IN 2017

During the year, Sirtex maintained a high level of sales and marketing activity across the three distinct regions. The number of centres accredited to use our therapy continued to expand across all three regions, with the total number of treatment centres globally expanding 9.0 per cent to 1,093. A major focus has been on the results of the major clinical studies, which were progressively presented in the latter half of the 2017 financial year.

THE AMERICAS

PERFORMANCE

DOSE SALES: Up 4.6% to 8,807

REVENUE: Up 0.9% to $186.9 million

YEAR IN REVIEW

The growth achieved in the Americas was disappointing in light of the growth achieved in prior periods. Our sales trajectory during the period was impacted by the convergence of multiple factors, including a decline in referrals for SIR-Spheres microspheres in salvage metastatic colorectal cancer, increased competition for patients with liver-directed therapies, and a lack of sustained momentum in the use of SIR-Spheres microspheres in higher treatment lines prior to the delivery of the SIRFLOX/FOXFIRE/FOXFIRE Global survival data. In May, we announced a change to the Americas leadership and have re-organised our sales and marketing function in the Americas to reset the foundations in that region for enhanced future sales growth.

At the end of the financial year, the number of hospitals certified in the use of SIR-Spheres microspheres across the region had grown by 13.3 per cent to 639 treatment sites.

There were a number of important structural changes in our key US market during the year. In November, The Centers for Medicare and Medicaid Services (CMS) increased the reimbursement of SIR-Spheres microspheres by 3 per cent for the 2017 calendar year. The CMS final rule with comment period revises

REGIONAL UPDATE

	THE AMERICAS	EUROPE, MIDDLE EAST, AFRICA	ASIA PACIFIC
DOSE SALES	8,807 up 4.6%	2,677 up 5.9%	1,094 up 11.3%
REVENUE	$186.9M up 0.9%	$38.3M down 1.6%	$9.1M up 8.6%

the Medicare hospital outpatient prospective payment system (OPPS) and the Medicare ambulatory surgical center (ASC) payment system for CY17.

The suspension of the 2.3 per cent US Medical Device Excise Tax, which represented a tax on our US product revenues, continued throughout the financial year. The tax is anticipated to re-commence on 1 January 2018 although the legislation to permanently repeal the tax is currently before the US Senate.

In late November, revised National Comprehensive Cancer Network (NCCN) Clinical Practice Guidelines in Oncology for colon and rectal cancer were published. The revised guidelines have seen SIR-Spheres microspheres re-classified from a Category 3 level of evidence and consensus to a Category 2A. The NCCN concluded 'Consensus amongst panel members is that arterially directed catheter therapy and, in particular, yttrium-90 microsphere selective internal radiation is an option in highly selected patients with chemotherapy-resistant/refractory disease and with predominant hepatic metastases. Over time, the revision to a Category 2A is expected to positively impact discussions with clinicians.

As part of our strategy to build awareness of our product among the medical community, the Sirtex Americas team had a presence at a number of important conferences throughout the year including the Clinical Interventional Oncology (CIO) meeting, the Society for Interventional Radiology (SIR) meeting, the World Congress on Interventional Oncology (WCIO), the American Society of Clinical Oncology – Gastrointestinal (ASCO-GI) meeting and the ASCO Annual Meeting. Such meetings provide the opportunity to directly engage with a large number of clinicians, and help to build consensus among key opinion leaders.

EUROPE, MIDDLE EAST, AFRICA

PERFORMANCE

DOSE SALES: Up 5.9% to 2,677

REVENUE: Down 1.6% to $38.3 million

YEAR IN REVIEW

Across the EMEA region, we experienced solid growth in several of our established markets including Italy, Spain and Belgium while Germany, our largest market, was flat. Growth was impacted by changes to reimbursement in the UK in the fourth quarter, partially offset by strong initial dose sales in France following the granting of reimbursement. Revenue growth was lower than dose sales growth principally due to the negative impact of the Australian dollar depreciation against the Euro, partially offset by a greater percentage of dose sales recorded in higher priced markets.

At the end of the financial year, the number of hospitals certified in the use of SIR-Spheres microspheres across the region had grown by 0.7 per cent to 308 treatment sites.

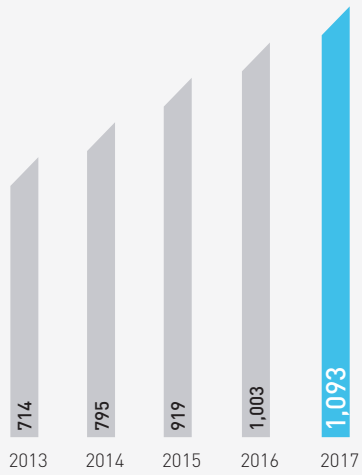
In February, the French Ministry of Health, Ministère des Affaires sociales et de la Santé, agreed to provide reimbursement for SIR-Spheres microspheres for patients with colorectal liver metastases who have failed on or are intolerant to prior chemotherapy. Reimbursement in France is specific to our product and recognises the innovative and specific product characteristics of this trademarked product. The estimated annual incidence of colorectal cancer in France was approximately 41,000 cases in 2012. It is also the country's third most common cause of cancer mortality, accounting for approximately 17,000 deaths each year.

Since September 2013, limited funding for SIR-Spheres microspheres has been available via the Commissioning through Evaluation (CtE) scheme across England. During the year, the National Health Service England confirmed that the funding for SIR-Spheres microspheres within the CtE scheme would cease at the end of March 2017. A decision about whether to routinely fund SIRT by the NHS could take up to 16 months from the end of March 2017.

Sirtex continues to actively engage clinicians, their professional societies and patient groups in contesting this decision, directly and via elected representatives, to NHSE. Unfortunately for our patients at this juncture, the funding deficiency remains. The cessation of the CtE does not impact private insurance coverage of SIR-Spheres microspheres in the UK.

Throughout the year, our sales and marketing team focused on a number of key conferences including the European Association for the Study of the Liver (EASL) International Liver Congress™, where the

GLOBAL TREATMENT CENTRES



Sirtex booth in preparation for the American Society of Clinical Oncology (ASCO) Annual Meeting in June.

SARAH data was presented. Additionally, we attended the European Conference on Interventional Oncology (ECIO), the Global Embolization Symposium & Technologies (GEST) meeting, and the 19th World Congress on Gastrointestinal Cancer (WCGIC). The EMEA team also worked alongside our US colleagues at the major global meetings, namely SIR, ASCO and ASCO-GI meetings.

ASIA PACIFIC

PERFORMANCE

DOSE SALES: Up 11.3% to 1,094

REVENUE: Up 8.6% to $9.1 million

YEAR IN REVIEW

Regional dose sales growth during the year was driven by a solid performance across several key Asian markets including Singapore, Taiwan and India. We re-entered South Korea during the year, following the appointment of a new distributor in that market.

At the end of the financial year, the number of hospitals certified in the use of SIR-Spheres microspheres across the region grew 9.8 per cent to 146 treatment sites.

Our sales and marketing team also attended a number of important scientific conferences during the year, including the APPLE meeting in Hong Kong, the Best of ASCO meeting in Singapore, and the major global meeting ASCO, where Professor Pierce Chow presented the Asian clinical study SIR*ve*NIB.

LOOKING AHEAD

I am excited by the potential of our business to deliver on its long term growth objectives. The reshaping of our business following the results of the clinical studies is specifically designed to drive efficiencies, productivity and effectiveness across the organisation as we seek to expand our global footprint and treat more liver cancer patients.

We now have a clear mission and vision in which to execute our short, medium and longer term strategies. Our business remains in a strong financial position, which affords us the opportunity to continue to reward shareholders.

I look forward to keeping you abreast of our progress throughout the 2018 financial year.

ANDREW McLEAN
CHIEF EXECUTIVE OFFICER

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At Sirtex, we hold in high regard our Environmental, Social and Governance (ESG) responsibilities through open and transparent disclosure to our key stakeholders including customers, clinicians, patients, shareholders and the communities in which we operate. Our approach to ESG issues reflects the risks and opportunities inherent in the manner by which we conduct our business and our specific areas of focus.

PROMOTING WORKPLACE HEALTH, SAFETY AND THE ENVIRONMENT

Sirtex is committed to providing a safe and healthy working environment as set out in the Health, Safety and Environment (HSE) Policy for all persons in the workplace, including employees, contractors and visitors, and to minimising our environmental footprint.

This is achieved by management and employees working together to identify, assess and suitably control hazards that may cause injury and/or illness and may adversely impact the environment. This commitment is emphasised at all levels, including the Sirtex Board which receives a monthly HSE report summarising our performance, and a biannual presentation detailing the progress of our HSE plans across the business.

During the year, only a single lost time injury (LTI) was recorded across our entire global workforce, which is testament to the focus the organisation devotes to workplace safety.

We continue to comply with all relevant legislation, standards and other requirements to which our organisation subscribes. We closely monitor regulatory changes in the countries where we operate, and adapt to change as quickly as possible.

As Sirtex produces a radioactive medical product, the Company has been extremely diligent in the design of its production facilities, the equipment used and controls put in place to mitigate risks and comply with all relevant safety standards. Sirtex operations are not subject to significant environmental regulation under the law of any of the jurisdictions in which it operates.

Sirtex offices strive to be energy efficient and environmentally friendly. Our global headquarters, situated in North Sydney, are in a building awarded a 5 Star Green Star rating, a 5 Star NABERS Energy Rating (Base Building) and a 3.5 NABERS Water Rating. Sirtex European headquarters, in Bonn, are located in a building by 'Rheinwerk3', which was awarded a platinum status by Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council) for its particularly sustainable and environmentally friendly design. Similarly, our Singapore offices located at Science Park II, are housed in a business complex highly rated in terms of environmental performance.

We remain focused on reporting and investigation of all safety incidents, environmental aspects and any hazardous conditions. An updated Incident and Hazard Form is available in print and online, to facilitate easier and faster reporting. This, in turn, helps us formulate plans for corrective actions to prevent recurrence and improve our HSE systems.

World Safety Day was celebrated on 28 April 2017 across all Sirtex sites globally and was marked by the launch of a HSE book *Safety First*. This book summarises key information from a range of HSE Standard Operating Procedures applicable across Sirtex. It has been designed to serve as a quick reference guide to provide all persons in the workplace with succinct information about how we practice safety at Sirtex, and how everyone can contribute.

Several other health and safety initiatives were carried out during the year. We completed all the HSE Standard Operating Procedures required under our HSE System Development Plan. We developed a variety of checklists relating to specific topics and safety areas, to serve as simplified risk

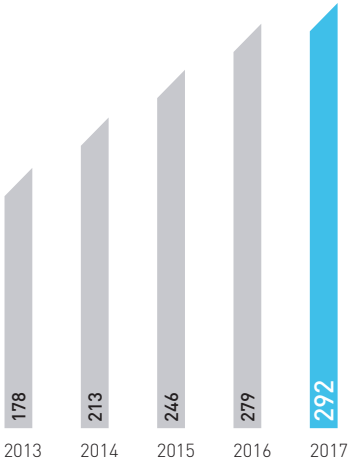
WORKFORCE STATISTICS

4.7% Growth in employee numbers since 2016

45% Women represented in the Sirtex workforce

EMPLOYEE NUMBERS GLOBALLY

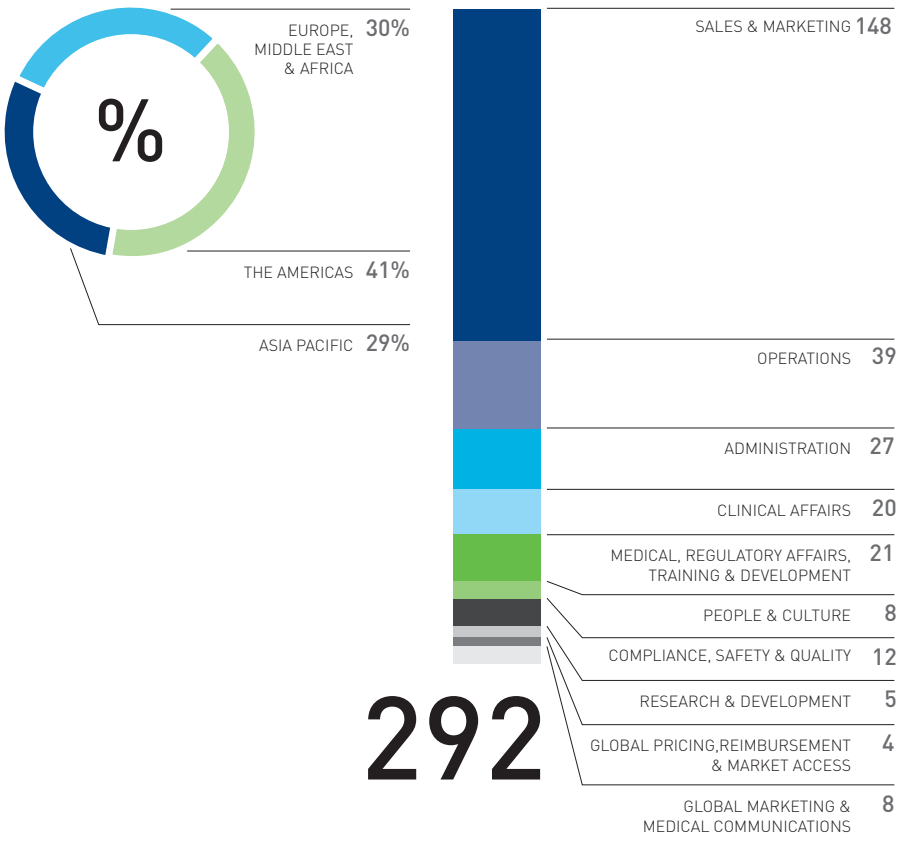
OVER 5 YEARS



assessment tools. A concise on-the-job risk assessment notebook entitled *Take 5 Think Safe* was issued, offering a simple five-step methodology to help us all develop a culture where risk assessment is a normal practice, and people's safety comes first. The Sydney offices now have an Emergency Procedures flipchart on each desk, and there are plans to implement this project at all other Sirtex sites. Our internal audit program continues to be rolled out during 2017-2018, with each factory and office site audited at least annually to formally assess our HSE performance, and identify and correct any gaps at local and corporate levels.

Sirtex pays careful consideration to the environmental impact of its activities. The business has implemented the requirements of the Globally Harmonised System for the Classification and Labelling of Chemicals, and disposes of waste chemicals in an environmentally responsible manner. To reduce the environmental impact of our packaging materials, we introduced 100% recyclable cardboard inserts to replace packing peanuts, allowing for a higher rate of recycling by our end customers. Each of our sites has developed a recycling program, with a waste minimisation plan and a variety of protocols for specific types of waste.

WORKFORCE DISTRIBUTION AND FUNCTION



OUR PEOPLE

We are proud of the culture we have built and the values we hold as an organisation. Sirtex employees are critical to achieving business and organisational success.

We are strong believers in our people, and the expertise they bring to the organisation. We seek to develop a collegiate workplace, which actively fosters productivity, efficiency, idea generation and innovation across all levels of the business. We have implemented a number of important policies that empower our employees to achieve their career goals. The Sirtex Code has assimilated these important codes and policies into a single easy-to-read document. The three broad categories of policies relate to our operating environment, corporate regulations to which we are subject, and policies that relate more directly to individual employees.

The Sirtex Code assists employees in a number of ways, but particularly as a source document, it provides a 'quick conduct test' to easily allow our people to assess what is the right thing to do in challenging situations.

At the end of the 2017 financial year, our total workforce of 292 talented people was located across more than 20 countries, representing growth of 4.7 per cent over the prior period.

Community support: We play an active role in the medical, scientific, patient and research communities that we collaborate with worldwide.

PATIENTS

Improve access and awareness of our therapy.

Enhance the quality of life for liver cancer patients and their families.

RESEARCH

Enhance and expand the knowledge of researchers in microsphere and related technologies.

Expand knowledge of our technology platform to support the next generation of biomedical researchers.

MEDICAL

Improve the skills and knowledge of medical professionals who use our product.

Foster the next generation of medical specialists who will use our product.

LOCAL

Support community efforts where our staff work and live.

Support initiatives that contribute to our goal of making cancer a chronic disease.

Women represent 45 per cent of the Sirtex workforce. Our workforce distribution shows 41 per cent of our dedicated employees are located in the Americas, 30 per cent located in EMEA and 29 per cent located in APAC. Our workforce operates across nine key functional areas of the business, with 54 per cent of our employees engaged within a sales and marketing function at Sirtex.

Our People Strategy seeks to engage, identify and recruit talented individuals to the business, while ensuring alignment with our core values and beliefs from the employee induction program.

Our employee engagement programs continued throughout FY17. Growing with Sirtex is a series of integrated activity streams, which aim to methodically build a team of highly skilled and capable individuals, who will continue to develop with Sirtex. Our Onboarding, Professional Development Framework and Continuing Professional Development Programs have commenced their implementation phase.

THE IMPORTANCE OF DIVERSITY

The concept of diversity has four main tenets: understanding, acceptance, respect and appreciation. A workplace that values and respects its diversity and is free from discrimination or bias is more productive. There is strong evidence globally that diversity offers businesses and their employees a range of benefits, both short term and long term.

Sirtex is committed to developing a culture of diversity. We recognise the benefits of diversity in terms of enhancements to productivity and efficiency that arise from facilitating any individual, irrespective of gender, ethnicity, sexual orientation, disability, age, marital status and religious background, to reach their full potential. We believe a diverse workforce is one of the keys to achieving long term business growth and sustainability.

We have three key objectives relating to diversity. Specifically, we provide updated online training to all current and new staff on our Economic, Environmental and Social Sustainability Report and Diversity Policy. Secondly, we aim to include at least one female candidate in the short list of applicants for every management role. Our target is to increase female participation across all levels of management from 36 per cent to 40 per cent over three to five years.

In 2016 we launched the Leadership and Management Development Program. Part of this extensive and ongoing program is to identify females who should participate in the program with a target of 40 per cent of the participating population being women. This is in addition to the Growing with Sirtex career development program introduced in 2015. Our Growing with Sirtex program, now in its second year of implementation, and part of the Sirtex Professional Development Framework has been designed to strengthen the dialogue between individuals and managers and foster a continuous cycle of alignment, planning, feedback and review to support and enhance personal growth in line with the Sirtex strategy and regional objectives.

Finally we continually seek to improve our approach to flexible working to make it more accessible and culturally acceptable for all employees. A large percentage of our employees are not based in any one of our three main offices across the globe.

SIRTEX IN THE COMMUNITY

We play an active role in the medical, scientific, patient and research communities that we collaborate with worldwide.

Sirtex is an active supporter of efforts to raise money, support and awareness for scientific and medical research innovation in the community. We support emerging and established researchers dedicated to developing advanced new interventional therapies. Our focus in this area is on translational research and the practical application of new technologies, innovation and insights.

Sirtex has been a major sponsor of the New South Wales Premier's Awards for Outstanding Cancer Research over a number of years, which recognises and celebrates excellence and innovation in cancer research.

THE SIRTEX CORPORATE GIVING PROGRAM

Under the Sirtex Corporate Giving Program, all charitable contributions made during the year are recorded internally in an appropriate register as well as being publically disclosed. This requirement is part of the Sirtex Anti-Bribery, Anti-Corruption Policy. The annual disclosure of charitable contributions

Diversity at Sirtex

can be found within the Investors section of our website.

The program is focused on the impact cancer has across time. Sirtex adopts a cancer journey approach to ensure its charitable contributions are made to programs within each of the following four main categories: awareness, research, patient treatment and survivorship, and end of life for those individuals not fortunate enough to experience a cure.

During the 2017 financial year, Sirtex made charitable donations of $0.34 million, equivalent to 0.6 per cent of underlying pre-tax profit. This level of corporate giving remains consistent with our global healthcare peers (0.7%) and within the 0.75% target we have set for ourselves.

Sirtex is committed to supporting volunteer groups that help patients and their families around the world. One of our longer term high-profile partnerships is the collaboration with the international group, YES Beat Liver Tumors. YES seeks to change the face of primary liver cancer or advanced cancer that has spread to the liver by advocating for increased funding for cancer research, educating liver cancer survivors about possible surveillance and treatment options, and by being a point of contact and support for those affected by liver cancer.

At our Americas national sales meeting in Santa Barbara, California, we raised in excess of US$20,000 for YES through a 4-kilometre fun run.

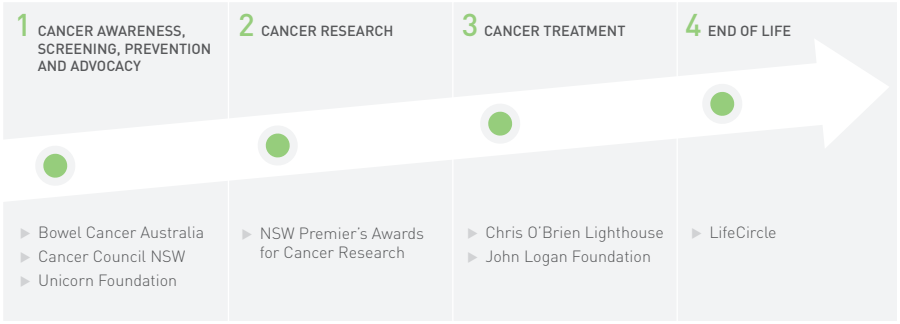
VALE JOHN PHILIP (1977-2017)

During the year, we were saddened by the loss of one of our own, Sirtex Global Information Technology Manager, John Philip. John had been bravely fighting cancer for an extended period of time and finally succumbed to his disease in late May. John was instrumental in driving technological change at Sirtex, and orchestrated the implementation of our current ERP management information system. He was an integral member of our Sirtex 'DeLivers' cycling team as part of The Ride to Conquer Cancer tour, raising in excess of $85,000 for the Chris O'Brien Lifehouse, where John spent much of his final days with his loving family. He will be greatly missed.

GOVERNANCE

The Board is committed to achieving and demonstrating the highest standards of corporate governance. Sirtex's key governance principles and practices are outlined in our Corporate Governance Statement for the 2017 financial year, which is available on our website at: **http://www.sirtex.com/au/investors/company-overview/corporate-governance/**

In addition, we have provided all of our Board and Committee charters, along with our Sirtex Code of Conduct (*The Sirtex Code*) summarising our Corporate Policies. This ensures stakeholders have complete visibility as it relates to our corporate responsibility, how we govern the way our Directors and employees operate, and how Sirtex seeks to build and maintain a strong reputation for integrity in our business practices. These are available at **http://www.sirtex.com/au/investors/company-overview/**



BOARD OF DIRECTORS

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.

Responsibilities

Member of the Audit Committee, the Risk, Health and Safety Committee and the Remuneration Committee

Years with Sirtex

13 years

Neville Mitchell

Director (Non-Executive)

CA, BCom

Experience and Expertise

Mr Mitchell was appointed a Director in April 2017. He is a qualified Chartered Accountant with over 25 years of experience as a Chief Financial Officer at Cochlear Limited (ASX:COH). During that time, Mr Mitchell was responsible for all financial aspects of the business, including ASX compliance and governance, banking, acquisitions and mergers, together with forecasting/ budgetary management, legal and company secretarial.

Responsibilities

Member of the Audit Committee, Member of the Remuneration Committee and the Risk, Health and Safety Committee

Years with Sirtex

3 months

Dr John Eady

Deputy Chairman (Non-Executive)

BSc (Hons), PhD, FTSE

Experience and Expertise

Dr Eady was appointed a Director in March 2005. He spent most of his career in a range of senior executive positions with CRA/Rio Tinto and Pacific Dunlop, in Australia and overseas. He has broad Board experience with start-up and established companies, and with government bodies. Dr Eady is a Fellow of the Academy of Technological Sciences and Engineering and consultsextensively on business leadership and improvement.

Responsibilities

Chairman of the Remuneration Committee, Member of the Audit Committee and the Risk, Health and Safety Committee

Years with Sirtex

12 years

Grant Boyce

Director (Non-Executive)

CA, BCom

Experience and Expertise

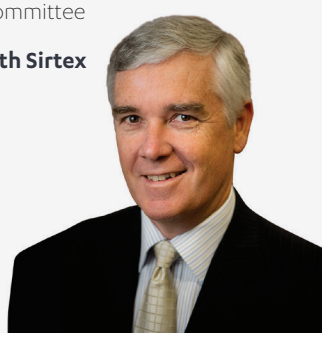
Mr Boyce was appointed a director in December 2002. He is a Chartered Accountant with his own practice and was previously a partner with Ernst and Young where he worked in their Perth and New York offices. Mr Boyce worked advising multiple clients including ASX listed entities. He was board member and Chairman of the West Australian Institute of Sport for over 10 years.

Responsibilities

Chairman of the Audit Committee, Member of the Remuneration Committee and the Risk, Health and Safety Committee

Years with Sirtex

14 years



Dr Katherine Woodthorpe AO

Director (Non-Executive)

BSc (Hons), PhD, FAICD

Experience and Expertise

Dr Woodthorpe was appointed a director in September 2015. Dr Woodthorpe was the Chief Executive of AVCAL, the Australian Private Equity and Venture Capital Association for seven years. She has a deep knowledge of the private equity and the superannuation industry in the financial sector and a strong track record in a broad range of technology orientated industries.

Responsibilities

Chairperson of the Risk, Health and Safety Committee, Member of the Audit Committee and the Remuneration Committee

Years with Sirtex

2 years

Andrew McLean

Executive Director and Chief Executive Officer

MBA, BEc

Experience and Expertise

Mr McLean was appointed Chief Executive Officer of Sirtex on 5 June 2017 and Executive Director on 16 June 2017. Mr McLean has over 20 years of experience with a track record of success in regional and global leadership roles. Mr McLean's most recent roles were CEO, Applied Sterilisation Technologies and Laboratories with Synergy Health plc, and with STERIS Corporation (NYSE:STE).

Responsibilities

Daily management decisions and implementation of the Company's strategic plans

Years with Sirtex

1 month

KEY MANAGEMENT PERSONNEL

Darren Smith MBA, BBus, FCPA– 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 AGSM, is a fellow of CPA Australia and an AICD member.

Responsibilities

Mr Smith has overall responsibility for the finance function of the group including IT and human resources.

Years with Sirtex

9 years

Nigel Lange – Chief Commercial Officer

Experience and Expertise

Mr Lange was appointed Chief Commercial Officer in June 2017. Prior to his current role he held roles as the Interim Chief Executive Officer of Sirtex, Chief Operating Officer of Sirtex and Chief Executive Offer of Sirtex EMEA. Mr Lange joined Sirtex U.S. 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.

Years with Sirtex

15 years

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.

Years with Sirtex

11 years

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.

Responsibilities

Daily management decisions and implementation of the Company's strategic plans.

Years with Sirtex

11 years

**Ceased employment on 13 January 2017*

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

SIRTEX MEDICAL LIMITED
CONSOLIDATED ENTITY
ABN 35 078 166 122

CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The Directors of Sirtex Medical Ltd present their report, together with the financial statements of the consolidated entity, being Sirtex Medical Ltd and its controlled entities ('the Group') for the year ended 30 June 2017.

DIRECTORS

The Directors of Sirtex Medical Ltd during the financial year and until the date of this report are Mr R Hill (Chairman), Dr J Eady, Mr G Boyce, Dr K Woodthorpe AO, Mr N Mitchell, Mr A McLean and Mr G Wong (ceased employment on 13 January 2017).

Information on the directors is presented in the Annual Report. This information includes the qualifications, experience and special responsibilities of each director. It also gives details of the directors' other directorships. Information on the Company Secretary including his qualifications and experience is presented in the Annual Report.

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		Risk, Health and Safety Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R Hill (Chairman)	15	15	8	8	6	6	5	5
Dr J Eady	15	15	8	8	6	6	5	5
G Boyce	15	15	8	8	6	6	5	5
Dr K Woodthorpe	15	15	8	8	6	6	5	5
N Mitchell	3	3	1	1	1	1	-	-
A McLean	1	1	-	-	-	-	-	-
G Wong	5	5	-	-	-	-	-	-

PRINCIPAL ACTIVITIES

Sirtex Medical Ltd and its controlled entities ('Group') form a 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, Middle East and Africa, and North and South America.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The Group's main product SIR-Spheres® Y-90 resin microspheres is a targeted radioactive treatment for liver cancer. The treatment is called Selective Internal Radiation Therapy (SIRT) and consists of 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 12,578 doses worldwide.

During 2017, we reported the clinical findings from the combined SIRFLOX/FOXFIRE/ FOXFIRE Global clinical study in metastatic colorectal cancer (mCRC) representing 1,103 patients and the SARAH and SIRveNIB studies in hepatocellular carcinoma (HCC), which recruited 467 and 360 patients, respectively.

In April 2017, the results of the SARAH study were presented at the European Association for the Study of the Liver, International Liver Congress™. The primary endpoint of the study, which was to show that SIR-Spheres microspheres was superior to sorafenib in advanced HCC patients, was not met, as there was no statistically significant difference in overall survival (OS) outcomes. In May 2017, the results of the combination SIRFLOX/FOXFIRE/FOXFIRE Global study was released in abstract form and the results presented as an oral abstract at the American Society of Clinical Oncology (ASCO) annual meeting in June 2017. The primary endpoint of OS was not met, as there was no statistically significant difference between SIR-Spheres microspheres plus chemotherapy versus chemotherapy alone. In May 2017, the results of the SIRveNIB study was released in abstract form and the results presented as an oral abstract at the ASCO annual meeting in June 2017. The primary endpoint of the study was also not met.

Dose sales for the year increased by 5.4 per cent over the previous financial year. The Americas (North and Latin America) market with 8,807 doses achieved growth of 4.6 per cent, the Europe, Middle East and Africa (EMEA) market with 2,677 doses achieved growth of 5.9 per cent, and Asia Pacific (APAC) recorded 1,094 dose sales, representing growth of 11.3 per cent. The number of treatment centres certified to use SIR-Spheres microspheres stands at 1,093 centres globally, representing growth of 9.0 per cent.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Sales revenue reached $234,282,498 for the financial year ended 30 June 2017, an increase of 0.8 per cent over last financial year ($232,491,500). The lower sales revenue growth compared to volume growth is as a result of changes in geographic revenue mix with stronger growth in the APAC region, and of negative foreign currency fluctuations, as the Australian Dollar appreciated against the US Dollar and the Euro during the year when compared to the prior year.

In June 2017, the Board reviewed the carrying value of the Company's clinical and R&D assets in accordance with AASB138 Intangible Assets following the results of the aforementioned clinical studies and the completion of development activities relating to our core SIR-Spheres microspheres product. As a result of that review, the Board impaired the entire carrying value of those assets, representing a one-off, non-cash impairment charge to the profit and loss account of $90,540,640 for the financial year ended 30 June 2017. At the same time, management restructured the business and a one-off restructuring provision of $4,065,626 was recognised in June 2017. This significantly impacted reported net profit after tax for the year.

Profit before tax has decreased 158.5 per cent to a loss before tax of $40,953,964 for the year ended 30 June 2017 (2016: profit of $69,998,039), and profit after tax has decreased by 149.0 per cent to a loss of $26,257,188 (2016: profit of $53,582,392). Excluding the impact of the asset impairments, write-down of receivables and the restructuring costs, underlying profit before tax decreased 18.3 per cent to $57,182,789.

Earnings per share for the year ended 30 June 2017 has decreased to a loss per share of $0.455 (2016: earnings per share of $0.937).

Net assets for the Group decreased by 22.8 per cent to $149,467,490 (2016: $193,503,996), as a result of the impairment of capitalised intangible R&D and clinical assets of $90,540,640. There was an increase in cash and short-term deposits of $11,323,760 (2016: $33,084,007).

SHARE BUY-BACK

A $30,000,000 on-market share buy-back was announced in February 2017, which commenced in early June 2017. For the year ended 30 June 2017, we have bought back $2,873,348 worth of the Company's stock, representing 231,379 shares. A further $27,126,652 remains to be bought back which is expected to be completed by 8 September 2017.

DIVIDENDS

A partially franked ordinary dividend of 30 cents per share was declared for the financial year ended 30 June 2016 and paid during the financial year
ended 30 June 2017 (2016: 20 cents).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group's strategy focuses on promoting and developing SIR-Spheres microspheres to become a worldwide standard of care for patients with primary and secondary forms of liver cancer.

The execution of this strategy has required the Group to expand its sales and marketing, regulatory, and medical function. In total, 51 per cent of the Group's workforce is engaged in a sales and marketing role, to help build the awareness and use of SIR-Spheres microspheres by the global medical community.

The Group completed the expansion of its manufacturing capabilities during the year, with a new state of the art facility in Frankfurt, Germany commencing the supply of commercial doses into the EMEA region during the second half of the 2017 financial year.

The Group has been successful in gaining regulatory clearances for SIR-Spheres microspheres in key global markets. They include the United States, Canada, Argentina, Brazil, the European Union, Israel and various Middle East and African markets, Australia, New Zealand, Singapore, Hong Kong, Taiwan and various other Asian markets. We continue to make progress as we develop our entry strategies for both China and Japan. Both markets are attractive, long term opportunities for the Company. China represents approximately 50 per cent of the annual incidence of HCC, while Japan is the second largest medical device market globally behind the US, with generally high pricing and a well-established government reimbursement environment upon regulatory clearance. The Group was also successful in expanding government and private sector reimbursement for SIR-Spheres microspheres during the financial year, with reimbursement granted in France for refractory mCRC. Expanded reimbursement coverage helps ensure as many patients as possible who suffer from liver cancer can receive SIR-Spheres microspheres.

During the financial year, the Group invested an additional $4,132,641, included in intangible asset work-in-progress, in its integrated software application in order to bring greater efficiencies to our collection, storage and use of business information to empower our manufacturing, clinical and marketing teams, streamline our administrative procedures and further improve our competitiveness.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

UNISSUED SHARES

Executive Performance rights on issue at year end

As at 30 June 2017, the unissued shares of Sirtex Medical Ltd under Executive Performance Rights Plan are as follows:

Grant date	Date of Vesting	Exercise Price $	Number under Rights
26 November 2013	30 June 2016	nil	20,000
23 September 2014	30 June 2017	nil	204,920
1 September 2015	30 June 2018	nil	96,244
4 February 2016	30 June 2018	nil	54,900
21 December 2016	30 June 2019	nil	180,076

Rights 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 as remuneration, refer to the Remuneration Report.

Employee Service rights on issue at year end

As at 30 June 2017, the unissued shares of Sirtex Medical Ltd under the Employee Service Rights Plan are as follows:

Grant date	Date of Vesting	Exercise Price $	Number under Rights
20 September 2016	30 June 2019	nil	61,900
9 March 2017	30 June 2019	nil	3,250

Rights holders do not have any rights to participate in any issue of shares or other interests in the Company or any other entity.

Directors' rights on issue at year end

As at 30 June 2017, there were no unissued shares of Sirtex Medical Ltd under Non-Executive Directors Rights.

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

During the year ended 30 June 2017, there were no ordinary shares of Sirtex Medical Ltd issued on the exercise of options. No share options have been issued during the year, and no share options are outstanding at 30 June 2017.

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*, as at 30 June 2017 is as follows:

	2017 Ordinary Shares	2017 Rights	2016 Ordinary Shares	2016 Rights
R Hill	11,871	-	9,617	-
Dr J Eady	10,546	-	9,137	-
G Boyce	9,436	-	8,309	-
Dr K Woodthorpe	1,778	-	651	-
N Mitchell	3,000	-	-	-
A McLean	-	-	-	-
G Wong	-	-	160,000	233,930

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

EVENTS AFTER REPORTING DATE

On 4 August 2017, it was determined that none of the Executive Performance Rights issued on 23 September 2014 vested. The Board exercised its discretion to disallow any vesting of rights.

Since the end of the year, the Directors have declared an unfranked dividend of 30 cents per share to be paid on 18 October 2017 (2016: 30 cents per share). The record date for the dividend is 27 September 2017.

Sirtex Medical Limited (Sirtex) is the respondent to a representative proceeding (shareholder class action) brought in the Federal Court of Australia. Details are in Note 15 Contingent Liabilities.

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 to the Court under section 237 of the *Corporations Act 2001* for leave 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.

ENVIRONMENTAL REGULATIONS

The Group is not subject to significant environmental regulation under the law of any of the jurisdictions the Group is operating in.

NON-AUDIT SERVICES

During the year, Grant Thornton, the Company's auditors, performed other services in addition to their statutory audit duties.

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.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 28 to the Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 45 of the financial report and forms part of the Directors' report.

ROUNDING OFF OF AMOUNTS

Sirtex Medical Ltd is the type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder,

I am pleased to present the Remuneration Report for the financial year ended 30 June 2017, outlining the nature and amount of remuneration for Sirtex's non-executive directors and other Key Management Personnel (KMP), as defined under section 300A of the Corporations Act, 2001 and its associated regulations.

As detailed in the recent Remuneration Portal update, work has continued to refine and further develop our remuneration structure and policies during the past year. Our objective is for the remuneration structure and policies to:

- Enable us to recruit, motivate and retain the calibre of non-executive directors, executives and staff needed to guide and run our complex Company, in a way that delivers on its potential to all stakeholders;
- Motivate and encourage focus through performance-based short-term incentives, and a longer-term perspective and a sense of ownership through an equity-based long-term incentive.

And:

- We listen, with decisions data-driven and based on considered analysis; and
- Where Total Remuneration Packages are aligned to the complexity of the role and reflect the contribution being delivered and results obtained.

As would be expected, and in line with our remuneration structure, the past year's circumstances have had a marked impact on our executive Total Remuneration Packages.

While circumstances meant that over the second half of FY17 the demands on many of our executives were increased substantially, given the Company's performance, the average STI awarded for our KMP executives for the year was less than 20% of target. None of the 2015 LTI grants vested. In line with these circumstances, FY18 base salary movements were minimal, with changes to the at-risk components limited to improving KPI alignment for the STI portion and to address stakeholder concerns with our LTI Plan and structure. Non-executive directors received no increase in their fees.

I hope that you will continue to support our approach to remuneration by voting to adopt this Remuneration Report at the upcoming Annual General Meeting.

Sincerely,

Dr John Eady
Chair of the Remuneration Committee

Remuneration Report (audited)

CONTENT:

The Remuneration Report, which forms part of the Directors' Report, provides information about the remuneration of the directors of Sirtex Medical Limited (Sirtex) and other KMP, for the year ended 30 June 2017. It is set out under the following headings:

1. Persons covered by this report;
2. Principles used to determine the nature and amount of remuneration;
3. Service agreements;
4. Performance outcomes and impact on shareholder wealth for the financial year ended 30 June 2017;
5. Details of remuneration; and
6. Additional information

1. PERSONS COVERED BY THIS REPORT

This report covers remuneration arrangements and outcomes for the following KMP:

Non-executive Directors

- Mr Richard Hill, Independent Non-Executive Chairman
- Dr John Eady, Independent Non-Executive Director and Deputy Chairman – Chair of Remuneration Committee
- Mr Grant Boyce, Independent Non-Executive Director – Chair of the Audit Committee
- Dr Katherine Woodthorpe, Independent Non-Executive Director – Chair of the Risk, Health and Safety Committee
- Mr Neville Mitchell, Independent Non-Executive Director (appointed 13 April 2017)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Executives

- Mr Andrew McLean, Managing Director & CEO (appointed 5 June 2017)
- Mr Gilman Wong, Managing Director & CEO (ceased employment on 13 January 2017)
- Mr Darren Smith, CFO and Company Secretary
- Mr Nigel Lange, Executive Vice President, Sales and Marketing, EMEA (1 July 2016 to 31 October 2016), Chief Operating Officer (1 November 2016 to 13 January 2017), Interim CEO (13 January 2017 to 4 June 2017), and Chief Commercial Officer (5 June 2017 to current)
- Mr Kevin Richardson, Executive Vice President, Sales and Marketing, Americas (promoted 1 July 2016, departed 18 May 2017)
- Mr Anthony Dixon, Executive Vice President, Sales and Marketing, EMEA (promoted 13 January 2017)
- Mr Reuben Teo, Executive Vice President, Sales and Marketing, APAC (appointed 27 March 2017)
- Mr Robert Hardie, Global Head of Operations
- Dr David Cade, Chief Medical Officer

Unless otherwise stated, the KMP held their positions throughout the financial year ended 30 June 2017.

2. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

2.1 Remuneration Governance Framework

The Remuneration Committee relies on and benefits from input provided by a wide range of sources:

- Remuneration Committee members;
- External remuneration consultants (ERCs);
- Stakeholder groups and shareholders;
- Remuneration Committee peers within Australia;
- Other experts and professionals such as tax advisors and lawyers; and
- Individual KMP to understand roles and complexities.

Care is taken to ensure that interaction with and between these sources regarding Remuneration Committee business is independent, not improperly influenced by personal interests and reflects the current Sirtex circumstances.

2.2 Executive KMP Remuneration Policy and Procedure

The Executive KMP Remuneration Policy and Procedure applies to executives defined as:

- Managing Director & CEO – accountable to the Board for the Group's performance and long term planning;
- Top Strata Direct Reports to the Managing Director/Chief Executive Officer – Chief Commercial Officer, Chief Financial Officer and Chief Medical Officer who provide corporate expertise and operational overview; and
- Regional Executive Vice Presidents and Global Head of Operations.

Each of these roles have the opportunity to materially influence the integrity, strategy and the operations of the Company and its performance.

Comprehensive policies and procedures are in place that reflect the Company's values and intentions regarding executive remuneration. These include those covering Senior Executive Remuneration, Senior Executive STIs and LTIs, Clawback, Diversity and Privacy. They are amended to clarify and improve alignment from time to time and are documented on the Company's website. Processes are also in place to determine how KMP remuneration is to be benchmarked and adjusted to reflect performance and changes in the circumstances of the Group.

Broadly, the remuneration policies state that:

- Total remuneration (TRP) should comprise Fixed Remuneration and significant at-risk STI and LTI components so that executive reward reflects performance and shareholder experience;
- When combined, the components are designed so as to provide a TRP able to attract and retain the calibre of executives required for the Company to achieve its goals;
- Proportions are tailored to regional practice and are based on extensive and objective market data;
- Internal relativities and any special circumstances are considered so as to recognise Sirtex's organisational design;

- 'Strata' are used to define role complexities and manage TRP within a range so as to allow for individual differences such as the calibre of incumbents and the competency with which they fulfil roles.
- Termination benefits will be in line with local regulations, and in Australia limited to the default amount allowed for under the Corporations Act.

As such, the Company's executive KMP remuneration policies and procedures ensure that executive remuneration is linked to Company performance, with an emphasis on longer-term results and the experience of shareholders. Executive TRP will be higher when longer term issues are being addressed effectively and the Group is doing well.

Policy Area	Relationship to Company Performance
Fixed Remuneration	As fixed remuneration is based on market practice and data shows that levels increase as market capitalisation increases, amounts reflect Company performance through the impact on share price and resulting market capitalisation.
At-risk components (STI and LTI)	The at-risk components are linked to business levers that drive strategic initiatives or indicators that reflect shareholder experience. STI payments depend on the influence an individual executive has on Group performance. They are based on key performance indicators (KPIs), each having defined targets. While many influencing factors are quantitative, some are more subjective, aimed at assessing personal effectiveness in the context of prevailing circumstances. The STI KPIs are designed generally to drive focus on internal factors, such as dose sales, that can be considered as leading indicators for the external measures used for LTI awards. LTI awards are based on direct measures of Group performance, as reflected in share price growth and the growth in earnings per share.

2.3 At-risk remuneration: Executive Short-term Incentives STI Plan - Process

- The Short-term Incentive Plan (STI) is an important part of the remuneration offered to executives as it:
  - Encourages focus on factors that are considered critical over the coming year to meet the Company's purpose and implement its strategies, and
  - Shares Company success with the executives who contribute through their efforts.
- Management of the STI structure and process rests with the Board.
  - It determines the applicable KPIs and targets annually to align with Company strategy, with input from the CEO. While many of the measures are quantitative, some are more subjective, aimed at assessing personal effectiveness in the context of prevailing circumstances, and
  - It assesses performance against the KPI measures annually, based on objective data and information provided by the CEO and determines the quantum of STI awarded.
- The Board has discretion to vary the Plan Rules or terminate the STI Plan in relation to future periods.
- The Clawback policy applies to STI awards.

2.4 Executive Short-term Incentive (STI) Plan – Detail

Aspect	Plan Rules, Offers and Comments
Measurement Period	From 1 July to the following 30 June.
Award Opportunities	For the financial year ended 30 June 2017 the MD/CEO had a target STI award opportunity equal to 50% of Fixed Remuneration. The COO/CCO, CFO and CMO proportion was 40% and the remaining executive KMP had a target award opportunity equal to 35% of Fixed Remuneration.
Key Performance Indicators (KPIs)	The CEO's focusing measures were 'Normalised Group EBITDA' (40% weighting), 'doses sold' (40% weighting) and 'leadership effectiveness' (20% weighting). Those for the other executive KMP were based on two measurement groups, 'Normalised Group EBITDA' (50% weighting) and focusing KPIs specific to their roles (50% weighting).

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

<table>
<tr><th>Aspect</th><th>Plan Rules, Offers and Comments</th></tr>
<tr><td>Key Performance Indicators (KPIs) (continued)</td><td>'Normalised Group EBITDA' is defined as Group earnings before interest, tax, depreciation and amortisation, excluding exchange rate fluctuations, clinical studies, and Research & Development expenditure. It is a major KPI for all executive KMP as teamwork across the Group and a 'one Company' culture is considered critical for ongoing success.
The scale used to determine the STI earned in relation to the 'Normalised Group EBITDA' KPIs is:
<table><tr><th colspan="3">STI Performance Reward Scale</th></tr><tr><th>Performance Level</th><th>Budget Achievement</th><th>Percentage of Target STI Payable</th></tr><tr><td><Threshold</td><td><95%</td><td>Nil</td></tr><tr><td>Threshold</td><td>95%
>95%, <100%
100%
>100%, <105%</td><td>25%
Pro-rata
75%
Pro-rata</td></tr><tr><td>Target</td><td>105%
>105%, <110%</td><td>100%
Pro-rata</td></tr><tr><td>Stretch</td><td>≥110%</td><td>110%</td></tr></table>Role-specific, focusing KPIs included such factors as dose sales, expense control, delivery performance, cost-of-goods sold, audit compliance and to cover project-style work, progress against milestones. Weightings are applied to reflect the relative importance of each KPI.</td></tr>
<tr><td>Cessation of Employment During a Measurement Period</td><td>In the event of cessation of employment due to dismissal for cause, all entitlements in relation to the Measurement Period are forfeited.
In the event of cessation of employment due to resignation, all entitlements in relation to the Measurement Period are forfeited, unless otherwise determined by the Board.
In the event of cessation of employment for other reasons:
(a) The STI award opportunity for the Measurement Period will be reduced pro-rata to reflect the portion of the Measurement Period worked, and
(b) Performance and STI awards will be determined following the end of the Measurement Period in the normal way, although the Board may accelerate the determination and payment of STI awards in special circumstances.</td></tr>
</table>

2.5 At-risk remuneration: Executive Long-term Incentive (LTI) Plan - Process

- The Long-term Incentive Plan (LTI) is a key part of the at-risk component of the remuneration offered to executives and aims to:
  - Build a sense of ownership and encourage a longer term view;
  - Share Company success with the executives who contributed through their efforts; and
  - Link executive reward with shareholder experience.
- In most instances LTIs offer the greater proportion of at-risk reward with the number of LTI grants awarded to each executive customised to reflect regional practice.
- Vesting depends on thresholds being exceeded and in accordance with pro-rata scales to stretch levels. As is the case with STIs, the ability to receive target TRP depends on meeting defined and demanding targets.
- The responsibility for the ongoing administration of the LTI plan rests with the Board. It determines annually:
  - The LTI proportions of TRP;
  - The measures to be used; and
  - Applicable vesting scales.
- The Board has absolute and unfettered discretion, at any time, to increase or decrease (including to nil) the level of vesting of Rights, if the Board forms the view that it is appropriate to do so, having regard to prevailing circumstances.
- The Clawback policy applies to LTI awards.

DIRECTORS' REPORT

2.6 Executive Long-term Incentive (LTI) Plan – Detail

Aspect	Plan Rules, Offers and Comments
Measurement Period	The measurement period for the 2017 offers is the three financial years from 1 July 2016 to 30 June 2019.
Award Opportunities	The FY17 grant target award opportunity was tailored to regional practice. It varied from 110% of Fixed Remuneration for the MD/CEO, 75% for the COO/CCO, CFO and CMO and a lesser proportion, mostly around 55%, for the remaining executive KMP.
Vesting Scales	Specific performance conditions must be satisfied for Rights to vest. The performance conditions specified as part of the most recent offers comprise two tranches, with 50% of Rights being subject to an Indexed Total Shareholder Return (iTSR) vesting measure, and 50% being subject to an EPS Growth vesting measure. With regard to the indexed TSR measure, offer documents make it clear that the Board has absolute and unfettered discretion, at any time, to increase or decrease (including to nil) the level of vesting of Rights, if the Board forms the view that it is appropriate to do so, having regard to prevailing circumstances. It noted that the Board would use this discretion if the Company's TSR is negative, even if it outperforms the indexed ASX300. Indexed TSR is the cumulative gain for shareholders over a three year period, from growth in the share price and dividends, assuming that dividends are reinvested into the Group's shares, compared to that of the Australian stock-market's ASX300 index. iTSR has replaced absolute TSR so that gains rewarded are due to Company performance rather than general stock-market movement, but with an implied absolute TSR threshold hurdle. The selection of two times the average ASX300 growth as the target is based on past performance data that showed that an ASX300 company performing at the P75 level over recent years outperformed the market average by a factor of about two. Normalised EPS growth remained as the most appropriate second measure. The Rights that were considered for vesting on 30th June 2017 where granted in July 2015, at which time the normalisation elements were understood to comprise expenditure on clinical trials, R&D and adjusted for exchange rate movements. This has subsequently been tightened and for the awards to be granted for the financial year 2018, the Compound Average Growth Rate (CAGR) for earnings per share will be adjusted only for significant and specified, non-recurring items, and expressed in constant currency. This measure is intended to give a different perspective on Group performance. Earnings-per-share growth is a method of tracking the ability of the Group to grow profit on a per-share basis. Increasing earnings per share indicates increasing returns on the funds provided by shareholders.
Vesting Scales	Percentages of grants to vest for the FY17 LTI grants are to be determined in accordance with the following scales:

TSR Growth Rate Vesting Scale

Indexed TSR	Performance	Number of Rights to Vest
Threshold	100% of ASX300 TSR and greater than 10%	0%
Recognition	Above threshold but not reaching target	1% for each 1% above threshold (pro-rata)
P75 Target	200% of ASX300 TSR	100% of Target grants (66.7% of Plan grants)
Further Reward	Surpassing target	0.5% for each 1% above target up to 1.5 times entitlement

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

<table>
<tr><th>Aspect</th><th>Plan Rules, Offers and Comments</th></tr>
<tr><td>Vesting Scales (continued)</td><td>
<table>
<tr><th colspan="3">EPS Vesting Scale</th></tr>
<tr><th>Earnings per Share</th><th>Performance</th><th>Number of Rights to Vest</th></tr>
<tr><td>Threshold</td><td>EPS compound growth of 10%</td><td>0%</td></tr>
<tr><td>Recognition</td><td>Above threshold but not reaching target</td><td>10% for each 1% above threshold (pro-rata)</td></tr>
<tr><td>P75 Target</td><td>EPS compound growth of 20%</td><td>100% of Target Rights (66.7% of Plan Rights)</td></tr>
<tr><td>Further Reward</td><td>Surpassing target</td><td>5% for each 1% above target up to 1.5 times entitlement</td></tr>
</table>
</td></tr>
<tr><td>Exercise of Vested Incentive Rights</td><td>On vesting, a Performance Right confers an entitlement for the Participant to exercise the Performance Right to the value of an ordinary share (Share) in the Holding Company. On exercise, the Executive Performance Rights (EPR) Plan Trust (Trustee) subscribes for Shares or acquires Shares on market on behalf of the Participant. Care is taken to manage the tax impact of the EPR Plan on Participants. For overseas Participants, this may involve having a portion of Shares sold to account for withholding tax and/or other amounts payable in respect of the vested Performance Rights.

The Trustee holds Shares that it has subscribed for, or acquired on behalf of a Participant, until the Participant directs the Trustee to transfer the Shares to the Participant or sell the Shares and remit the proceeds to the Participant.

No amount is payable by Participants to exercise their vested Executive Performance Rights.</td></tr>
<tr><td>Dealing Restrictions on Shares</td><td>Shares acquired when vested grants are exercised will be subject to the dealing restrictions set out in the Group's share trading policy, the insider trading provisions of the Corporations Act or any other additional dealing restrictions included in the offer of the Incentive Rights. Further restrictions are stipulated in the Performance Rights Plan to take effect for the FY18 and subsequent grants.</td></tr>
<tr><td>Cessation of Employment</td><td>In the event of cessation of employment other than due to Special Circumstances, all unvested Performance Rights are forfeited unless otherwise determined by the Board.

In the event of cessation of employment due to Special Circumstances, unless otherwise determined by the Board, in respect of the grant made in the financial year of the cessation, the number of unvested Performance Rights that will be retained by the Employee will be based on a pro-rata calculation relative to the full financial year. All other unvested Rights granted in prior years will not lapse, and will continue and, if they become vested at some later time, will be able to be exercised in accordance with their terms.</td></tr>
<tr><td>Change of Control of the Company (Compulsory Acquisition)</td><td>In the event of a compulsory acquisition of Shares following a takeover bid or a scheme of arrangement, vested Performance Rights may be exercised and unvested Performance Rights may be exercised by the Participant in the same proportion as the Share price (assessed via 10 day VWAP) has increased since the beginning of the Measurement Period.</td></tr>
</table>

2.7 Non-Executive Director's Remuneration Policies and Procedures

- NED remuneration policies and procedures are designed so as to be consistent with other Sirtex remuneration policies but to reflect the governance requirements required of non-executive directors. These are documented on the Company's website. NED remuneration is to be benchmarked and adjusted to reflect changes in the circumstances of the Group.
- Broadly, the remuneration policies state that:
  - Total NED Remuneration is to be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company;
  - NED TRP comprises Board fees (inclusive of any superannuation, and any applicable fringe benefits tax (FBT), Salary-sacrificed equity grants and Committee fees. It is recognised that it is not appropriate to provide performance-based incentives to NEDs;

- Amounts are to be reviewed annually and based on market data;
- The Board retains discretion and may alter the proportion of NED remuneration salary sacrificed in order to meet prevailing circumstances;
- Termination benefits are not paid to NEDs.

2.8 Salary Sacrificed Equity Grants – Non-executive (NED) Director Rights Plan – Detail

Aspect	Plan Rules, Offers and Comments
Purpose	The NED Rights Plan constitutes part of a market-competitive main-board package and aims to align the interests of NEDs further and directly with shareholders. The Plan helps address the preference of many shareholders for NEDs to have significant shareholdings in the Group. The disposal restrictions incorporated in the Plan support this aim.
Plan Process	Rights offered to NEDs are not subject to performance conditions or any vesting condition. FY17 Rights vested immediately but could not be exercised until three months after granting. At that time the shares are transferred to each NED, but with a CHESS holding lock. Disposal restrictions stipulate that, except by force of law, exercised shares may not be dealt with until the earlier of ceasing to be a NED of the Group or the elapsing of fifteen years from the grant date. 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 to a NED is in common. NED Rights will be satisfied via on-market purchase of Sirtex Shares, rather than by new issues of Shares.
Grant Value	Grants of Rights were made to NEDs during financial year ended 30 June 2017 with the intended value of the grants being as follows (pro-rated for part of the year where applicable): • $59,125 for the Board Chair, • $36,953 for the Deputy Chair, and • $29,563 for the other NEDs. Grants of NED Rights were calculated by applying the following formula: Number of NED Rights = Salary sacrifice amount ÷ Right Value The Right value was the volume weighted average share price of shares traded in the 10 days up to and including 30 June 2016.
Treatment	NEDs will be entitled to receive all dividends. Without the approval of the Board, Rights may not be transferred, mortgaged, charged or otherwise dealt with or encumbered.

3. SERVICE AGREEMENTS

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. Upon termination of a director's appointment, the director will be paid his or her director's fees on a pro-rata basis, to the extent that they are unpaid up to the date of termination. Unless determined otherwise by the Board, the director will also receive all vested shares held on the date of termination.

Remuneration and other terms of employment for the executive KMP are also formalised in service agreements. The major provisions of the agreements are set out below.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Remuneration and other terms of employment for the executive KMP are also formalised in service agreements. The major provisions of the agreements are set out below. Generally, most contracts with executives may be terminated early by either party with six months' notice, subject to termination payments as detailed below.

		Period of Notice		
Name	Duration of Contract	From Company	From KMP	Termination Payments
Mr A McLean	No fixed term	12 months	12 months	Up to 12 months*
Mr G Wong**	No fixed term	6 months	6 months	Up to 12 months*
Mr D Smith	No fixed term	6 months	6 months	Up to 12 months*
Mr N Lange	No fixed term	6 months	6 months	Up to 12 months*
Mr K Richardson**	No fixed term	6 months	6 months	Up to 12 months*
Mr A Dixon	No fixed term	6 months	6 months	Up to 12 months*
Mr R Teo	No fixed term	6 months	6 months	6 months***
Mr R Hardie	No fixed term	6 months	6 months	Up to 12 months*
Dr D Cade	No fixed term	6 months	6 months	Up to 12 months*

* Under the Corporations Act the Termination Benefit Limit is 12 months average salary (last 3 years) unless shareholder approval is obtained.
** Ceased employment during the year.
*** Not entitled to redundancy payout

4. PERFORMANCE OUTCOMES AND IMPACT ON SHAREHOLDER WEALTH FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4.1 Group Performance

The following outlines the performance of the Group over the 2017 financial year and the previous four financial years:

Date	Revenue	Profit/ (loss) after Tax	Share Price	Change in Share Price	Dividends	Short-term change in Shareholder Value over 1 year (SP increase + dividends)		Long-term change in Shareholder Value over 3 years (SP increase + dividends)	
	$m	$m	$	$	$	$	%	$	%
30-Jun-13	96.7	18.3	11.98	5.89	0.10	5.99	98.36	7.32	149.39
30-Jun-14	129.4	23.9	16.88	4.90	0.12	5.02	41.90	12.27	250.41
30-Jun-15	176.1	40.3	29.05	12.17	0.14	12.31	72.93	23.32	382.92
30-Jun-16	232.5	53.6	25.57	(3.48)	0.20	(3.28)	(11.3)	14.05	117.30
30-Jun-17	234.3	(26.3)	16.25	(9.32)	0.30	(9.02)	(35.28)	0.01	0.06

The following table gives an indication of Group performance against the LTI measures:

	EPS			TSR	
Date	12 month EPS	12 month EPS growth	3 year EPS	12 month TSR	3 year TSR
	$	%	%	%	%
30-Jun-13	0.328	6.8	13.9	98.4	149.4
30-Jun-14	0.425	29.6	106.3	41.9	250.4
30-Jun-15	0.714	68.0	132.6	72.9	382.9
30-Jun-16	0.937	31.2	185.6	(11.3)	117.3
30-Jun-17	(0.455)	(148.6)	(207.1)	(35.3)	0.1

DIRECTORS' REPORT

4.2 Links between Performance and Reward

4.2.1 Short-term incentive

The actual STI to be paid in relation to the 2017 financial year were accrued in the 30 June 2017 accounts. The links between performance and reward is summarised below.

STI Links

Name	Position	Objectives	Contribution to success	Measurement	Maximum STI payable	Percentage of Max STI to be paid
Mr G Wong Mr A McLean	Managing Director & CEO	Normalised Group EBITDA (40% weighting) Dose sold (40% weighting) Leadership effectiveness (20% weighting)	The MD/CEO role has primary responsibility for Group earnings (EBITDA) and was asked to focus on increasing dose sales and long-term leadership development as key factors for success at the CEO level in FY17.	Earnings were measured via Normalised Group EBITDA, dose sales by comparison to budget/ plans, and individual effectiveness by NED assessment on defined achievements and capabilities.	Mr G Wong = 50% Mr A McLean = not entitled to be included due to limited employment period.	Mr G Wong = 0% Mr A McLean = not entitled to be included due to limited employment period.
Mr D Smith Mr N Lange Mr A Dixon Dr R Teo Mr R Hardie Dr D Cade Mr K Richardson	Stratum 1.4 and 1.3 Direct Reports to MD/CEO	Normalised Group EBITDA (50% weighting)	These executives shared the EBITDA objective with the MD/ CEO to encourage teamwork and the one-company culture.	Achievement of the earnings objective was as measured for the MD/CEO.	Mr D Smith = 17.5% Mr N Lange = 17.5% Mr A Dixon = 12.5% Dr R Teo = 0% Mr R Hardie = 17.5% Dr D Cade = 17.5% Mr K Richardson = 12.5%	0% of pro-rata amount.
		KPIs and other Influencing Factors (50% weighting)	KPIs and other influencing factors for the Regional Heads included regional sales growth, expense control, debtor management and contribution margin. Factors for the other KMPs included where relevant, audit compliance, DIFOT, cost of goods sold, marketing objectives, proctor development, clinical trial recruitment and the achievement of project milestones. Each factor was identified and selected as being a key lever for each role, in order to drive group success for FY17.	KPI and other influencing factors were assessed against qualitative and quantitative objectives set at the beginning of the year in relation to each role, with some Board discretion to take into account relevant circumstances. In this way awards aligned with each individual's contribution to the Group during the year, as assessed by the Board.	Mr D Smith = 17.5% Mr N Lange = 17.5% Mr A Dixon = 12.5% Dr R Teo = 0% Mr R Hardie = 17.5% Dr D Cade = 17.5% Mr K Richardson = 12.5%	Ranged from 0% to 88% of pro-rata amount.

The average STI awarded for all executive KMP equated to 19.8% of the target amount.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

4.2.2 Long-term incentive

The LTI, being dependent on i-TSR and EPS growth, is strongly related to external indicators of Group performance.

The following table outlines the extent that the LTIs vested in relation to the completion of the 2016 financial year and those that were granted during the 2014 financial year:

Name	Target LTI Value (at grant) $	2014 Grant Number	TSR Achieved	% of Grant Vested	Number Vested
Mr G Wong*	532,450	115,000	30.2	100%	115,000
Mr D Smith	129,640	28,000	30.2	100%	28,000
Mr N Lange	129,640	28,000	30.2	100%	28,000
Mr M Mangano**	129,640	28,000	30.2	100%	28,000
Mr K Richardson*	25,465	5,500	30.2	100%	5,500
Mr A Dixon	25,465	5,500	30.2	100%	5,500
Mr B Chew**	129,640	28,000	30.2	100%	28,000
Mr R Hardie	129,640	28,000	30.2	100%	28,000
Dr D Cade	129,640	28,000	30.2	100%	28,000
Total	**1,361,220**	**294,000**			**294,000**

* Ceased employment during the year
** Ceased employment during the prior year

5. DETAILS OF REMUNERATION

5.1 Executive Remuneration

The following table outlines the remuneration received or receivable by executives of the Group for the 2017 and 2016 financial years, in accordance with the statutory requirements for disclosure and accounting standards:

Name	Year	Salary $	Other Benefits $	Short-term Incentive (STI)*** $	Short-term Incentive (STI)*** % of TRP	Short-term Employee Benefits $	Short-term Employee Benefits % of TRP	Retirement Benefits/ Super-annuation $	Termination Benefits $	Equity-settled Long-term Incentive (LTI) $	Equity-settled Long-term Incentive (LTI) % of TRP	Total Target Remuner-ation $	Change in Accrued Leave $
Mr A McLean	2017	41,250	842,425^	–	–	883,675	100	1,509	–	–	–	885,184	6,198
	2016	–	–	–	–	–	–	–	–	–	–	–	–
Mr G Wong*	2017	552,201	–	–	–	552,201	(343)	15,217	–	(728,471)	452	(161,053)	(381,820)
	2016	875,695	–	314,514	16	1,190,209	61	33,305	–	742,690	38	1,966,204	85,343
Mr D Smith	2017	488,684	–	50,830	9	539,514	96	19,616	–	2,008	-	561,138	(10,190)
	2016	452,763	–	133,854	17	586,617	74	31,337	–	174,027	22	791,981	27,029
Mr N Lange	2017	638,583	74,409	30,720	4	743,712	96	6,036	–	24,742	3	774,490	9,773
	2016	582,480	39,038	133,782	14	755,301	77	–	–	228,526	23	983,827	(19,340)
Mr M Mangano**	2017	–	24,545	–	–	24,545	9	8,268	289,301	(34,854)	(12)	287,259	–
	2016	599,242	70,280	209,735	21	879,257	87	23,944	–	108,090	11	1,011,291	(79,842)
Mr K Richardson*	2017	647,177	59,343	25,314	2	731,834	63	39,909	385,734	13,283	1	1,170,761	(33,989)
	2016	734,512	49,861	–	–	784,373	93	23,403	–	39,996	5	847,772	8,815
Mr A Dixon	2017	318,047	43,212	35,752	9	397,012	98	–	–	9,974	2	406,985	28,382
	2016	251,441	38,915	45,259	12	335,616	91	–	–	34,429	9	370,045	(18,223)
Mr B Chew**	2017	–	–	–	–	–	–	–	–	(34,854)	100	(34,854)	–
	2016	476,027	16,158	–	–	492,185	82	–	–	108,090	18	600,275	(27,802)
Mr R Teo	2017	95,104	18,153	12,887	10	126,144	100	–	–	–	–	126,144	11,764
	2016	–	–	–	–	–	–	–	–	–	–	–	–
Mr R Hardie	2017	439,659	–	72,820	13	512,479	94	33,366	–	(3,292)	(1)	542,553	216
	2016	419,335	–	124,563	17	543,898	73	31,165	–	169,476	23	744,539	31,174
Dr D Cade	2017	466,983	–	49,875	9	516,858	94	31,767	–	1,310	-	549,935	28,665
	2016	444,751	–	122,638	16	567,389	73	30,249	–	172,770	23	770,408	23,577
Total	**2017**	**3,687,688**	**532,087**	**278,198**	**5**	**5,027,974**	**98**	**155,688**	**675,035**	**(750,154)**	**(15)**	**5,108,542**	**(341,001)**
	2016	**4,836,246**	**214,252**	**1,084,345**	**13**	**6,134,845**	**76**	**173,403**	**–**	**1,778,094**	**22**	**8,086,342**	**30,731**

* Ceased employment during the year.
** Ceased employment during the prior year.
*** STI figures included in the table represent STIs received or receivable for the financial years presented.
^ Made up of relocation allowance and sign-on bonus.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The following table outlines the LTIs granted to executive KMP during the financial year ended 30 June 2017 subject to TSR vesting criteria. The LTIs will vest over three years.

Name	Grant date	Number granted	Value per option at grant date	Value of options at grant date	Number vested	Exercise price $	First exercise date	Last exercise date
Mr A McLean	–	-	-	-	-	-	-	-
Mr G Wong*	–	-	-	-	-	-	-	-
Mr D Smith	21-Dec-2016	9,928	5.05	50,134	-	-	1-Jul-19	30-Jun-23
Mr N Lange	21-Dec-2016	13,063	5.05	65,968	-	-	1-Jul-19	30-Jun-23
Mr K Richardson*	21-Dec-2016	15,064	5.05	76,073	-	-	1-Jul-19	30-Jun-23
Mr A Dixon	21-Dec-2016	1,838	5.05	9,282	-	-	1-Jul-19	30-Jun-23
Mr R Teo	–	-	-	-	-	-	-	-
Mr R Hardie	21-Dec-2016	7,436	5.05	37,552	-	-	1-Jul-19	30-Jun-23
Dr D Cade	21-Dec-2016	9,741	5.05	49,192	-	-	1-Jul-19	30-Jun-23
Total		**57,070**		**288,201**	-	-		

* Ceased employment during the year.

The following table outlines the LTIs granted to executive KMP during the financial year ended 30 June 2017 subject to EPS vesting criteria. The LTIs will vest over three years.

Name	Grant date	Number granted	Value per option at grant date	Value of options at grant date	Number vested	Exercise price $	First exercise date	Last exercise date
Mr A McLean	–	-	-	-	-	-	-	-
Mr G Wong*	–	-	-	-	-	-	-	-
Mr D Smith	21-Dec-2016	9,928	14.04	139,382	-	-	1-Jul-19	30-Jun-23
Mr N Lange	21-Dec-2016	13,063	14.04	183,405	-	-	1-Jul-19	30-Jun-23
Mr K Richardson*	21-Dec-2016	15,064	14.04	211,499	-	-	1-Jul-19	30-Jun-23
Mr A Dixon	21-Dec-2016	1,838	14.04	25,806	-	-	1-Jul-19	30-Jun-23
Mr R Teo	–	-	-	-	-	-	-	-
Mr R Hardie	21-Dec-2016	7,436	14.04	104,401	-	-	1-Jul-19	30-Jun-23
Dr D Cade	21-Dec-2016	9,741	14.04	136,764	-	-	1-Jul-19	30-Jun-23
Total		**57,070**		**801,257**	-	-		

* Ceased employment during the year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

5.2 Changes in Securities Held – Executives

The following table outlines the changes in the number of Performance Rights held by executives over the financial year:

Name	Rights held at 1 July 2016		Granted during year		Exercised		Forfeited		Rights Held at 30 June 2017	
	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $
Mr A McLean	-	-	-	-	-	-	-	-	-	-
Mr G Wong*	233,930	2,200,798	-	-	115,000	532,450	118,930	1,668,348	-	-
Mr D Smith	56,010	514,394	19,855	189,516	28,000	129,640	-	-	47,865	574,270
Mr N Lange	65,110	699,761	26,126	249,373	28,000	129,640	-	-	63,236	819,494
Mr K Richardson*	13,900	167,649	30,128	287,572	5,500	25,465	30,128	287,572	8,400	142,184
Mr M Mangano**	45,000	290,120	-	-	28,000	129,640	-	-	17,000	160,480
Mr A Dixon	12,400	134,622	3,676	35,087	5,500	25,465	-	-	10,576	144,244
Mr R Teo	-	-	-	-	-	-	-	-	-	-
Dr B Chew**	45,000	290,120	-	-	28,000	129,640	-	-	17,000	160,480
Mr R Hardie	55,250	498,913	14,872	141,953	28,000	129,640	-	-	42,122	511,226
Dr D Cade	55,800	510,116	19,482	185,956	28,000	129,640	-	-	47,282	566,432
Total	**582,400**	**5,306,493**	**114,139**	**1,089,457**	**294,000**	**1,361,220**	**149,058**	**1,955,920**	**253,481**	**3,078,810**

* Ceased employment during the year.
** Ceased employment during the prior year.

The following table outlines the changes in the number of Shares held by executives over the financial year:

Name	Balance at beginning of year	Granted as remuneration	Issued on exercise of Rights	Disposals ***	Balance at end of year
Mr A McLean	-	-	-	-	-
Mr G Wong*	160,000	-	114,968	274,968	-
Mr D Smith	30,000	-	27,968	57,968	-
Mr N Lange	-	-	27,968	27,968	-
Mr K Richardson*	-	-	5,468	5,468	-
Mr M Mangano**	-	-	27,968	27,968	-
Mr A Dixon	-	-	5,468	5,468	-
Mr R Teo	-	-	-	-	-
Dr B Chew**	49,974	-	27,968	42,942	35,000
Mr R Hardie	-	-	27,968	27,968	-
Dr D Cade	-	-	27,968	-	27,968
Total	**239,974**	**-**	**293,712**	**470,718**	**62,968**

* Ceased employment during the year.
** Ceased employment during the prior year.
*** Future LTI grants will include requirements for the retention of shares.

Conditions attached to Performance Rights issued during the year are included in note 21 in the Financial Report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

5.3 Non-Executive Director Remuneration

The following table outlines the remuneration received by non-executive directors of the Group during the 2017 and 2016 financial years, in accordance with the statutory requirements for disclosure and accounting standards:

Name	Year	Board Fees $	Committee Fees $	Super-annuation $	Other Benefits $	Equity* $	Total $
Mr R Hill	2017	236,500	–	–	–	57,635	294,135
	2016	220,000	–	–	–	69,382	289,382
Dr J Eady	2017	113,051	20,000	34,759	–	36,028	203,838
	2016	103,036	20,000	34,464	–	43,384	200,884
Mr G Boyce	2017	118,250	20,000	–	–	28,817	167,067
	2016	110,000	20,000	–	–	34,691	164,691
Dr K Woodthorpe	2017	118,250	20,000	–	–	28,817	167,067
	2016	74,321	10,869	–	–	25,591	110,781
Mr N Mitchell	2017	24,261	-	2,305	–	–	26,566
	2016	–	–	–	–	–	–
Total	**2017**	**610,312**	**60,000**	**37,064**	**–**	**151,297**	**858,673**
	2016	**507,357**	**50,869**	**34,464**	**–**	**173,048**	**765,738**

5.4 Changes in Securities Held – Non-executive Directors

The following table outlines the changes in the number of NED Rights held by non-executive directors over the financial year:

Name	Rights held at 1 July 2016		Granted during year		Forfeited		Exercised		Rights Held at 30 June 2017	
	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $
Mr R Hill	–	–	2,254	57,635	–	–	2,254	57,635	–	–
Dr J Eady	–	–	1,409	36,028	–	–	1,409	36,028	–	–
Mr G Boyce	–	–	1,127	28,817	–	–	1,127	28,817	–	–
Dr K Woodthorpe	–	–	1,127	28,817	–	–	1,127	28,817	–	–
Mr N Mitchell	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**5,917**	**151,297**	**–**	**–**	**5,917**	**151,297**	**–**	**–**

The following table outlines the changes in the number of Shares held by Non-Executive Directors over the financial year:

Name	Balance at beginning of year	Held on commencement as NED	Issued on exercise of Rights*	Disposals	Balance at end of year
Mr R Hill	9,617	–	2,254	–	11,871
Dr J Eady	9,137	–	1,409	–	10,546
Mr G Boyce	8,309	–	1,127	–	9,436
Dr K Woodthorpe	651	–	1,127	–	1,778
Mr N Mitchell	–	3,000	–	–	3,000
Total	**27,714**	**3,000**	**5,917**	**–**	**36,631**

*Dealing restrictions apply with shares held in trust until the earlier of ceasing to be a non-executive director of the Group or the lapsing of fifteen years from the grant date.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

5.5 Future KMP Payments

The following table outlines amounts of LTI for executives that have been granted but which have not yet vested or been paid:

Name	Grant date	Total value $	Value expensed in 2016	% of grant	Value expensed in 2017	% of grant
Mr G Wong*	26-Nov-13	532,450	205,566	39	-	-
	23-Sep-14	-	249,227	-	(440,574)	-
	27-Oct-15	-	287,897	-	(287,897)	-
Mr D Smith	26-Nov-13	129,640	50,051	39	-	-
	23-Sep-14	67,745	58,039	86	(34,854)	(51)
	01-Sep-15	135,478	65,937	49	21,717	16
	21-Dec-16	50,134	-	-	15,146	30
Mr N Lange	26-Nov-13	129,640	50,051	39	-	-
	23-Sep-14	67,745	58,039	86	(34,854)	(51)
	01-Sep-15	247,454	120,436	49	39,667	16
	21-Dec-16	65,968	-	-	19,929	30
Mr A Dixon	26-Nov-13	25,465	9,831	39	-	-
	23-Sep-14	13,549	11,608	86	(6,971)	(51)
	04-Feb-16	46,498	12,990	28	14,178	30
	21-Dec-16	9,282	-	30	2,767	30
Mr K Richardson*	26-Nov-13	25,465	9,831	39	-	-
	23-Sep-14	13,549	11,608	86	(6,971)	(51)
	04-Feb-16	66,425	18,557	17	20,254	30
Mr M Mangano**	26-Nov-13	129,640	50,051	39	-	-
	23-Sep-14	67,745	58,039	86	(34,854)	(51)
Dr B Chew**	26-Nov-13	129,640	50,051	39	-	-
	23-Sep-14	67,745	58,039	86	(34,854)	(51)
Mr R Hardie	26-Nov-13	129,640	50,051	39	-	-
	23-Sep-14	67,745	58,039	86	(34,854)	(51)
	01-Sep-15	126,126	61,386	49	20,218	16
	21-Dec-16	37,552	-	-	11,345	30
Dr D Cade	26-Nov-13	129,640	50,051	39		
	23-Sep-14	67,745	58,039	86	(34,854)	(51)
	01-Sep-15	132,894	64,680	49	21,303	16
	21-Dec-16	49,192	-	-	14,861	30
Total		**2,761,791**	**1,778,094**		**(750,152)**	

* Ceased employment during the year.
** Ceased employment during the prior year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The following table outlines amounts for equities for non-executive directors that have been granted.

Name	Grant date	Total value $	Value expensed in 2016	% of grant	Value expensed in 2017	% of grant
Mr R Hill	01-Jul-16	57,635	–	–	57,635	100
Dr J Eady	01-Jul-16	36,028	–	–	36,028	100
Mr G Boyce	01-Jul-16	28,817	–	–	28,817	100
Dr K Woodthorpe	01-Jul-16	28,817	–	–	28,817	100
Mr N Mitchell	N/A	–	–	–	–	–
Total		**151,297**			**151,297**	

6. ADDITIONAL INFORMATION

6.1 Loans to Key Management Personnel

At 30 June 2017, $2,531,294 (2016: $1,255,046) was payable to key management personnel.

At 30 June 2017, $1,486 (2016: $1,493) was receivable from key management personnel.

The payable relates to deferred remuneration which is fully offset with a corporate asset and recognised net in the financial statements (2016: deferred remuneration which is fully offset with a corporate asset and recognised net in the financial statements). The payable is long-term in nature and will be paid over a period of 10 years. The receivable relates to expense reimbursement.

The Group does not have an allowance account for receivables relating to outstanding loans and has not recognised any expense for impaired receivables during the reporting period.

There were no individuals with loans above $100,000 during the financial year.

6.2 Transactions with Key Management Personnel

There have been no other transactions with Key Management Personnel or their related entities other than those disclosed in this report.

6.3 External Remuneration Consultant Advice

During the year KMP remuneration recommendations and data were received from the Board-approved, external remuneration consultant.

Godfrey Remuneration Group Pty Limited	$82,000

The Board also received other independent remuneration-related advice during the year.

Godfrey Remuneration Group Pty Limited	Advice on proposed organisational design and remuneration implications; Advice for NED Equity Plan's disposal restriction cessation point and disposal by executives of shares acquired under LTI plan; Research market practice for senior executive incentive plans; Review Remuneration Committee Charter.	$10,200

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

(a) 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 the consultant is independent of KMP.

(b) As required by law, KMP remuneration recommendations are only received by non-executive directors, mainly the Chair of the Remuneration Committee.

(c) The policy seeks to ensure that the Board controls any contact by management of Board-approved remuneration consultants and any interactions between management and external remuneration consultants when undertaking work leading to KMP remuneration recommendations.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The Board is satisfied that the KMP remuneration recommendations received were free from undue influence from KMP to whom the recommendations related. It 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 consultants to the effect that their advice was provided free from undue influence from the KMP to whom the recommendations related.

End of audited remuneration report.

Richard Hill
Director
23 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
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 2017, 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, 23 August 2017

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 52 to 87 are in accordance with the *Corporations Act 2001* and
   (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*, 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 2017 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 Group 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.

Richard Hill
Director

Sydney, 23 August 2017

INDEPENDENT AUDITOR'S REPORT

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
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 audit of the financial report

Opinion

We have audited the financial report of Sirtex Medical Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Intangible Assets (Note 12)	
During the year the Group impaired all capitalised research and development costs relating to clinical trials. The impairment was a result of the clinical trials not achieving their primary endpoints. AASB 136 'Impairment of Assets' requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, an entity shall also test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This area is a key audit matter due to the inherent subjectivity that is involved in management making judgements as well as the evaluation for any impairment indicators as part of their annual impairment review.	Our procedures included, amongst others: • reviewing management's impairment position paper and verifying the underlying information used to support the position; • discussing the assumptions and details with the Chief Medical Officer and agreeing key inputs to published clinical trial results to substantiate the conclusions; • consideration of each of the internal and external factors outlined by AASB 136 'Impairment of Assets'; and • ensuring appropriate disclosures within the financial statements and the adequacy of disclosures surrounding the impairment write-down in line with management's position paper.
Taxation (Note 4)	
Taxation for the Group is considered to be a complex area given the different geographical locations and transfer pricing agreements between group entities. The Group also account for the research & development (R&D) tax incentive under the requirements of AASB112 'Income Taxes'. Under AASB112, any eligible R&D expenditure expensed in the statement of profit or loss should be added back and then claimed as a (non-refundable) tax offset. Management make an estimate of this tax offset amount at year end. Taxation is a key audit matter due to its complex nature and due to the inherent subjectivity that is involved in the Group making judgements in relation to key tax matters.	Our procedures included, amongst others: • making enquiries with management to obtain and document an understanding of their process to calculate the taxation for the Group; • check the reasonableness and accuracy of the tax calculations prepared by management's internal tax expert; • assessing and comparing the historical reliability of prior period estimates and budgets to support the reliability of the tax calculation including the R&D tax incentive estimate; • evaluation of the qualifications and expertise of management's internal tax expert and external expert in order to assess their professional competence and capabilities as they relate to the work undertaken; • engaging our taxation experts in Australia and the US to review management's tax calculations for reasonableness and compliance with the relevant tax legislations and accounting policies; • inspecting copies of relevant correspondence with relevant tax authorities; and • reviewing relevant disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Performance rights (Note 21)	
During the year performance rights (issued in financial year 2014) were exercised and ordinary shares of Sirtex Medical Limited were issued. A corresponding transfer was made between reserves and share capital. This transaction was accounted for as a contribution to the employee share trust and deferred tax was recognised directly in equity in relation to the difference between the accounting treatment and the tax treatment. Executive performance rights were granted to executive and senior management during the year. Management determined the fair value of the rights using a Monte Carlo Simulation Model and Binomial option pricing model. This area is a key audit matter due to the complexities in the taxation treatment of performance rights, as well as the complexities and the inherent subjectivity involved in the Company making judgements relating to the key inputs and assumptions used to value the performance rights, including historical volatility and the risk free rate of return.	Our procedures included, amongst others: • determining the reasonableness of the input assumptions used in the Monte Carlo Simulation Model and Binomial Option pricing model with the assistance of our internal valuation experts we checked the methodology, key assumptions and outputs including the underlying equity, interest rate, volatility, dividend yield, expected life, grant date and granting criteria and average granting percentage; • checking the appropriateness of the treatment of the vested rights and the transfer of the fair value to share capital against the requirements of AASB2 'Share based payments'; • evaluating the qualifications and expertise of managements external valuations expert in order to assess their professional competence and capabilities as they relate to the work undertaken; • obtaining the opinion provided by management's external tax expert in relation to the tax treatment of the performance rights and assessing whether management's accounting treatment is consistent with the external tax expert opinion; • engaging our own taxation experts in Australia to review the treatment of the share contribution to the employee trust and the associated taxation treatment; and • evaluating the qualifications and expertise of management's external tax expert in order to assess their professional competence and capabilities as they relate to the work undertaken; and • reviewing relevant disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Directors' 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* and for 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.

In preparing the financial report, the Directors are responsible for assessing the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 44 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Sirtex Medical Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Partner - Audit & Assurance

Sydney, 23 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

		Consolidated	
	Note	2017 $'000	2016 $'000
Revenue from the sale of goods	2 (a)	234,282	232,492
Cost of sales	3	(36,177)	(35,287)
Gross profit		**198,105**	**197,205**
Other revenue	2 (b)	2,645	2,229
Other income	2 (c)	169	2,099
Marketing expenses		(89,281)	(79,338)
Research expenses		(10,558)	(8,717)
Regulatory expenses		(2,370)	(1,626)
Quality assurance expenses		(2,218)	(2,232)
Clinical trial expenses		(11,771)	(10,672)
Medical expenses		(7,660)	(6,356)
Administration expenses		(22,515)	(20,915)
Impairment of intangible assets	12	(90,541)	-
Other expenses		(4,959)	(1,679)
(Loss)/profit before income tax	3	**(40,954)**	**69,998**
Income tax benefit/(expense)	4	14,697	(16,416)
(Loss)/profit for the year		**(26,257)**	**53,582**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (net of tax) of foreign operations		(713)	464
Total comprehensive (loss)/income for the year attributable to members of the parent entity		**(26,970)**	**54,046**

Earnings per share		Cents	Cents
Basic (loss)/ earnings per share	18	(45.5)	93.7
Diluted (loss)/earnings per share	18	(45.5)	92.2
Dividends per Share	19	30.0	20.0

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Assets			
Current Assets			
Cash and cash equivalents	5	50,349	21,025
Other short-term deposits	6	68,000	86,000
Trade and other receivables	7	36,976	42,272
Inventories	8	1,993	1,918
Other financial assets	9	1,575	1,687
Other current assets	10	3,583	4,212
Total - Current Assets		**162,476**	**157,114**
Non-Current Assets			
Property, plant and equipment	11	12,045	13,987
Intangible assets	12	9,436	82,821
Deferred tax assets	4.1(a)	10,165	7,795
Total - Non-Current Assets		**31,646**	**104,603**
Total Assets		**194,122**	**261,717**
Liabilities			
Current Liabilities			
Trade and other payables	13	26,433	28,090
Current tax liabilities	4.1(c)	8,412	7,239
Short-term provisions	14(a)	7,972	7,009
Total - Current Liabilities		**42,817**	**42,338**
Non-Current Liabilities			
Long-term provisions	14(b)	919	1,153
Deferred tax liabilities	4.1(b)	919	24,722
Total - Non-Current Liabilities		**1,838**	**25,875**
Total Liabilities		**44,655**	**68,213**
Net Assets		**149,467**	**193,504**
Equity			
Issued capital	16	34,792	32,684
Reserves	17	3,257	6,656
Retained earnings		111,418	154,164
Total - Equity		**149,467**	**193,504**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Ordinary Shares $'000	Share Rights Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Total $'000
Consolidated Entity					
Balance at 30 June 2015	**27,021**	**4,075**	**1,540**	**112,000**	**144,636**
Foreign currency translation reserve	-	-	464	-	464
Profit attributable to members of parent entity	-	-	-	53,582	53,582
Total comprehensive income for the year attributable to the members of the parent entity	**-**	**-**	**464**	**53,582**	**54,046**
Ordinary shares issued	1,839	(1,839)	-	-	-
Forfeited rights	-	(14)	-	14	-
Deferred tax on performance rights	3,777	-	-	-	3,777
Exercise of Non-Executive Directors shares	341	(341)	-	-	-
Purchase of Non-Executive Directors' shares on market	(294)	-	-	-	(294)
Contribution to performance reserve	-	2,771	-	-	2,771
Dividends paid or provided for	-	-	-	(11,432)	(11,432)
Total transactions with owners	**5,663**	**577**	**-**	**(11,418)**	**(5,178)**
Balance at 30 June 2016	**32,684**	**4,652**	**2,004**	**154,164**	**193,504**
Foreign currency translation reserve	-	-	(713)	-	(713)
(Loss)/profit attributable to members of parent entity	-	-	-	(26,257)	(26,257)
Total comprehensive income for the year attributable to the members of the parent entity	**-**	**-**	**(713)**	**(26,257)**	**(26,970)**
Ordinary shares issued	3,384	(3,384)	-	-	-
Forfeited rights	-	(817)	-	817	-
Deferred tax on performance rights	1,599	-	-	-	1,599
Exercise of Non-Executive Directors shares	152	(152)	-	-	-
Purchase of Non-Executive Directors' shares on market	(154)	-	-	-	(154)
Contribution to performance reserve	-	1,667	-	-	1,667
Share buy-back	(2,873)	-	-	-	(2,873)
Dividends paid or provided for	-	-	-	(17,306)	(17,306)
Total transactions with owners	**2,108**	**(2,686)**	**-**	**(16,489)**	**(17,067)**
Balance at 30 June 2017	**34,792**	**1,966**	**1,291**	**111,418**	**149,467**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Cash flows from operating activities			
Receipts from customers		239,375	225,153
Payments to suppliers and employees		(177,823)	(153,992)
Interest received		2,611	2,184
Net income tax paid		(8,191)	(8,134)
Net cash provided by operating activities	5 (b)	**55,972**	**65,211**
Cash flows from investing activities			
Utilisation/(investment) in other short-term deposits		18,000	(34,000)
Proceeds from plant and equipment		-	137
Purchase of plant and equipment		(1,239)	(1,718)
Purchase of intangible assets		(21,701)	(19,196)
Net cash used by investing activities		**(4,940)**	**(54,777)**
Cash flows from financing activities			
Share buy-back		(2,873)	-
Payment of dividends		(17,306)	(11,432)
Net cash used by financing activities		**(20,179)**	**(11,432)**
Net increase/(decrease) in cash held		**30,853**	**(998)**
Cash and cash equivalents at beginning of financial year		**21,025**	**21,941**
Effect of exchange rate fluctuations on cash held		**(1,529)**	**82**
Cash and cash equivalents at end of financial year	5 (a)	**50,349**	**21,025**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

This section sets out the Company's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

1.1 Reporting Entity

Sirtex Medical Ltd (the Company) is a Public Company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprise the Company and its controlled entities (together referred to as the Group). Sirtex Medical Ltd is a for-profit entity.

1.2 Basis of Preparation

(a) Statement of compliance

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 (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements were approved and authorised for issue by the directors on 23 August 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars (AUD), which is the Company's functional currency.

The Company has applied the relief available to it under ASIC Corporations (Rounding in Financial/ Directors'Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information presented in AUD has been rounded to the nearest one thousand dollars unless otherwise stated.

(d) Foreign currency

Foreign currency transactions

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 Consolidated Statement of Profit or Loss. 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated at year-end exchange rates prevailing at that reporting date.

The income and expenses of foreign operations are translated at average exchange rates for the period.

The retained earnings of foreign operations 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income. These differences are recognised in the statement of profit or loss and other comprehensive income in the Period in which the operation is disposed.

(e) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 4 - Income Tax

Note 12 - Intangibles

Note 14 - Provisions

Note 17 - Reserves

(f) Basis of consolidation

Controlled entities

The Consolidated Entity controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the consoldiated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. BASIS OF PREPARATION (CONTINUED)

Transactions eliminated on consolidation

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

(g) 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 relevant revenue authorities. 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 relevant revenue authorities is included as a current asset or liability in the 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.

(h) New accounting standards and interpretations for application in future periods

AASB 9 Financial Instruments (applicable for annual reporting periods beginning on or after 1 January 2018):

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
   i. the objective of the entity's business model for managing the financial assets; and
   ii. 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:
   i. the change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
   ii. 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:
   i. classification and measurement of financial liabilities; and
   ii. de-recognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019

AASB 16: Leases

Nature of the change in accounting policy

AASB 16 will cause the majority of the leases of an entity to be brought onto the Balance Sheet. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use an asset will be recognised which will be amortised over the term of the lease.

Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.

Effective date

Annual reporting periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Expected impact on the financial statements

For the financial year ended 30 June 2020, there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet. The reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities. Group EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses. Operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities

AASB 15: Revenue from Contracts with Customers

Nature of the change in accounting policy

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Effective date

Annual reporting periods beginning on or after 1 January 2018.

Expected impact on the financial statements

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $'000	2016 $'000
2. REVENUE AND OTHER INCOME		
(a) Revenue from the sale of goods	**234,282**	**232,492**
(b) Other revenue		
Interest income from financial institutions	2,645	2,229
	2,645	**2,229**
(c) Other income		
Realised and unrealised foreign exchange gains	-	1,900
Other	169	199
	169	**2,099**

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

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 one to two days after the delivery day.

Interest revenue is recognised on an accrual basis using the effective interest method.

	Consolidated	
	2017 $'000	2016 $'000
3. PROFIT FOR THE YEAR		
Profit before income tax includes the following:		
Cost of sales	36,177	35,287
Employee benefits expense		
Superannuation contributions	2,788	2,367
Other employee benefits expenses	73,373	66,941
Depreciation and amortisation of		
Plant and equipment	2,371	2,164
Intangible assets	4,545	4,403
Operating lease expenses		
Minimum lease payments	2,642	2,593
Other expenses		
Impairment of intangible assets	90,541	-
Impairment of property, plant and equipment	637	-
Onerous lease provision	626	-
Provision for legal settlement	-	1,389

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Employee Benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to settle wholly 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. PROFIT FOR THE YEAR (CONTINUED)

Long service leave

The provision for 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 high quality corporate bonds at reporting date, which most closely match the terms of maturity of the related liabilities.

Post-employment benefit plans

The Group contributes to various employee superannuation plans. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions. Contributions are recognised as an in the period that relevant employee services are rendered.

Deferred compensation benefits

The Group provides deferred compensation benefits to certain employees. The net deferred compensation liability (asset) is recognised taking into account the present value of the liability and the fair value of the corporate assets securing the liability. Any gain or loss in recognised in profit or loss.

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.

	Consolidated	
	2017 $'000	2016 $'000
4. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
Current tax	11,391	14,671
Deferred tax	(26,185)	1,923
Under/(over) provision in respect of prior years (permanent and timing)	97	(178)
	(14,697)	**16,416**
(b) Prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Net profit before tax	(40,954)	69,998
Prima facie tax payable on profit from ordinary activities before income tax at 30%	(12,286)	20,999
Add/(less): Tax effect of		
– Non-deductible amortisation	45	54
– Non-deductible expenses	3,146	3,411
– Non-assessable income	(3,439)	(4,118)
– Over-provision in respect of prior years (permanent)	558	(307)
Effect of higher tax rates on overseas income	(2,221)	(3,351)
Effect of Foreign Currency translation of tax balances	225	476
Recognition of tax losses not previously brought to account	(770)	(688)
Eliminations for the tax consolidated group	45	(60)
Income tax attributable to entity	**(14,697)**	**16,416**
The applicable weighted average effect tax rates are as follows	35.5%	23.5%

The Company and its wholly owned Australian subsidiaries are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Sirtex Medical Limited.

Income tax expense includes current and deferred tax. Current and deferred tax are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that they relate to items recognised directly in other comprehensive income or equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

4. INCOME TAX EXPENSE (CONTINUED)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

The Group estimates the research and development tax incentive by reference to the percentage of research and development expenditure that contributed to the prior year research and development tax incentive with consideration to any changes in research and development activities or legislation during the year.

(c) Consolidated Entity - Numerical reconciliation between income tax expense and cash taxes paid	2017 $'000	2016 $'000
Income tax expense on profit before income tax	(14,697)	16,416
Timing differences recognised in deferred tax	26,088	(1,745)
Effect of tax rate in foreign jurisdictions	(2,221)	(3,351)
Current tax instalments payable next year	(2,706)	(7,427)
Prior year tax instalments paid this year	1,727	4,241
Cash taxes paid per statement of cash flows	**8,191**	**8,134**

(d) Sirtex Medical Limited's Australian tax consolidated group - numerical reconciliation between income tax expense and profit before income tax	2017 $'000	2016 $'000
Profit before income tax (excluding dividends from wholly owned foreign subsidiaries)	**(75,487)**	**29,040**
Add: Dividends from wholly owned foreign subsidiaries	24,546	63,178
Profit before income tax	**(50,941)**	**92,218**
Tax at the Australian tax rate of 30%	(15,282)	27,665
Add/(less): Tax effect of		
Non-deductible amortisation	45	54
Other non-deductible expenses	9	6
Research and development allowances	(806)	(931)
Exempt foreign sourced dividends from wholly owned subsidiaries	(7,364)	(18,954)
	(23,398)	**7,840**
Adjustment for prior years	98	558
Income tax expense on profit before income tax	**(23,300)**	**8,398**

4.1 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

	2017 $'000	2016 $'000
(a) Deferred tax assets		
Tax losses revenue	2,031	1,166
Timing differences attributable to:		
Fixed Assets	1,034	1,053
Employee provisions	2,340	2,468
Unrealised foreign exchange losses	11	268
Other*	4,749	2,840
	10,165	**7,795**

*Other includes the following major components:

Executive Performance rights	1,092	1,092
AMT credit (US)	74	464
Non-amortised patent costs	430	301

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

4.1 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	2017 $'000	2016 $'000
(a) Deferred tax assets		
The movement in tax losses is as follows:		
Opening balance	1,166	415
Credit to the statement of profit or loss and other comprehensive income	770	688
Credit to equity	95	63
Closing balance	**2,031**	**1,166**
The movement in fixed assets is as follows:		
Opening balance	1,053	279
(Debit)/credit to the statement of profit or loss and other comprehensive income	(19)	774
Closing balance	**1,034**	**1,053**
The movement in employee provisions is as follows:		
Opening balance	2,469	2,001
(Debit)/credit to the statement of profit or loss and other comprehensive income	(129)	471
Credit/(debit) to equity	-	(3)
Closing balance	**2,340**	**2,469**
The movement in unrealised FX is as follows:		
Opening balance	268	-
(Debit)/credit to the statement of profit or loss and other comprehensive income	(257)	268
Closing balance	**11**	**268**
The movement in other is as follows:		
Opening balance	2,840	2,390
Credit to the statement of profit or loss and other comprehensive income	1,909	397
Credit to equity	-	53
Closing balance	**4,749**	**2,840**
The overall movement in the deferred tax account is as follows:		
Opening balance	7,795	5,085
Credit to the statement of profit or loss and other comprehensive income	2,275	2,598
Credit to equity	95	112
Closing balance	**10,165**	**7,795**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

4.1 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	2017 $'000	2016 $'000
(b) Deferred tax liabilities		
Timing differences attributable to:		
Capitalisation of development expenditure	-	22,846
Fixed assets	134	945
Other	785	931
	919	**24,722**
The movement in the capitalisation of development expenditure is as follows:		
Opening balance	22,846	19,222
(Credit)/debit to the statement of profit or loss and other comprehensive income	(22,846)	3,624
Closing balance	**-**	**22,846**
The movement in the fixed assets is as follows:		
Opening balance	945	724
(Credit)/debit to the statement of profit or loss and other comprehensive income	(812)	220
Debit to equity	1	1
Closing balance	**134**	**945**
The movement in other is as follows:		
Opening balance	931	88
(Credit)/debit to the statement of profit or loss and other comprehensive income	(145)	833
Debit to equity	-	10
Closing balance	**786**	**931**
The overall movement in the deferred tax account is as follows:		
Opening balance	24,722	20,034
(Credit)/debit to the statement of profit or loss and other comprehensive income	(23,804)	4,677
Debit to equity	1	11
Closing balance	**919**	**24,722**

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.

(c) Current tax assets and liabilities

The current tax liabilities for the Consolidated entity of $8,412,000 (2016: $7,239,000) represent the amount of income taxes payable in respect of current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $'000	2016 $'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	36,349	15,025
Short-term deposits with financial institutions	14,000	6,000
	50,349	**21,025**
Short-term deposits are term deposits with maturity date of less than 90 days. The effective interest rate on short-term deposits was 2.78% (2016: 2.93%). These deposits have an average maturity of 31 days as at 30 June 2017 (2016: 43 days).		
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	**(26,257)**	**53,582**
Non-cash flows in profit:		
Depreciation and amortisation	6,916	6,567
Loss on disposal of plant & equipment	205	-
Impairment of internally generated intangibles	90,541	-
Impairment of property, plant and equipment	637	-
Onerous lease provision	626	-
Share rights reserve	1,667	2,771
Net foreign exchange differences	1,604	(449)
Changes in net assets and liabilties		
(Increase)/decrease in assets		
Trade receivables	4,924	(8,322)
Other receivables	373	-
Inventories	(74)	39
Other current assets	740	(1,360)
Deferred tax assets	(2,371)	(2,639)
Increase/(decrease) in liabilities		
Payables	(2,746)	3,650
Current tax liabilities	1,173	2,483
Short-term provisions	962	321
Other current liabilities	1,088	-
Long-term provisions	(234)	130
Deferred tax liabilities	(23,802)	8,438
Net cash flow from operating activities	**55,972**	**65,211**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $'000	2016 $'000
6. OTHER SHORT-TERM DEPOSITS		
Other short-term deposits with financial institutions	68,000	86,000
	68,000	**86,000**

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 2017 of these term deposits is 175 days (2016: 206 days). The effective interest rate on the deposits is 2.78% (2016: 3.09%).

	Consolidated	
	2017 $'000	2016 $'000
7. TRADE AND OTHER RECEIVABLES		
(a) Trade receivables		
Trade receivables	37,474	40,152
Provision for impairment	(2,505)	(260)
	34,969	**39,892**
(b) Other receivables		
GST receivables	816	1,256
Other receivables	1,191	1,124
	2,007	**2,380**
	36,976	**42,272**

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	Amounts provided for $'000	Amounts written off $'000	Closing balance $'000
30 June 2017				
Trade receivables	(260)	(3,566)	1,321	(2,505)
30 June 2016				
Trade receivables	(92)	(168)	-	(260)

Trade receivables past due but not impaired

	Consolidated	
	2017 $'000	2016 $'000
Less than 30 days overdue	6,928	7,644
30 - 60 days overdue	2,850	4,544
More than 60 days overdue	2,302	3,218
	12,080	**15,406**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

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. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

	Consolidated	
	2017 $'000	2016 $'000
8. INVENTORIES		
Raw materials - at cost	1,993	1,918
	1,993	**1,918**

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.

	Consolidated	
	2017 $'000	2016 $'000
9. OTHER FINANCIAL ASSETS		
Other current financial assets:		
Security deposits paid	1,575	1,687
	1,575	**1,687**

	Consolidated	
	2017 $'000	2016 $'000
10. OTHER CURRENT ASSETS		
Prepayments	3,583	4,212
	3,583	**4,212**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $'000	2016 $'000
11. PROPERTY, PLANT AND EQUIPMENT		
Buildings		
At cost	1,304	1,348
Accumulated depreciation	(595)	(567)
Net carrying amount	**709**	**781**
Plant and equipment		
At cost	21,788	20,509
Accumulated depreciation	(9,815)	(9,558)
Accumulated impairment loss	(637)	-
Net carrying amount	**11,336**	**10,951**
Asset work in progress		
At cost	-	2,255
Accumulated depreciation	-	-
Net carrying amount	**-**	**2,255**
Total property, plant and equipment		
At cost	23,092	24,112
Accumulated depreciation	(10,410)	(10,125)
Accumulated impairment loss	(637)	-
Net carrying amount	**12,045**	**13,987**
Movements in carrying amounts		
Buildings		
Carrying amount at beginning	781	591
Additions	-	246
Depreciation expense	(72)	(56)
Carrying amount at end	**709**	**781**
Plant and equipment		
Carrying amount at beginning	10,951	10,381
Additions	3,494	2,807
Disposals	(173)	(129)
Depreciation expense	(2,299)	(2,108)
Impairment loss	(637)	-
Carrying amount at end	**11,336**	**10,951**
Asset work in progress		
Carrying amount at beginning	2,255	2,192
Additions	-	71
Disposals/Transfers	(2,255)	(8)
Carrying amount at end	**-**	**2,255**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $'000	2016 $'000
11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Total property, plant and equipment		
Carrying amount at beginning	13,987	13,164
Additions	1,239	3,124
Disposals	(173)	(137)
Depreciation expense	(2,371)	(2,164)
Impairment loss	(637)	-
Carrying amount at end	**12,045**	**13,987**

Owned assets

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.

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.

Depreciation

Items of plant and equipment, including leasehold assets, are depreciated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The estimated useful lives in the current and comparative years are as follows: leasehold improvements between 10 to 20 years and plant and equipment between 3 to 10 years.

Plant and equipment assets other than capitalised development costs are depreciated from the date of acquisition. Capitalised development costs are amortised from the date they are 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $'000	2016 $'000
12. INTANGIBLE ASSETS		
Software		
At cost	12,372	4,122
Accumulated amortisation	(2,936)	(1,723)
Net carrying amount	**9,436**	**2,399**
Internally generated intangibles		
At cost	96,977	79,411
Accumulated amortisation	(6,436)	(3,258)
Accumulated impairment loss	(90,541)	-
Net carrying amount	**-**	**76,153**
Intellectual property		
At cost	3,607	3,607
Accumulated amortisation	(3,607)	(3,456)
Net carrying amount	**-**	**151**
Asset work in progress		
At cost	-	4,118
Accumulated amortisation	-	-
Net carrying amount	**-**	**4,118**
Total Intangible assets		
At cost	112,956	91,258
Accumulated amortisation	(12,979)	(8,437)
Accumulated impairment loss	(90,541)	-
Net carrying amount	**9,436**	**82,821**
Movements in carrying amounts		
Software		
Carrying amount at beginning	2,399	312
Additions	13	3,303
Transfers in from work in progress	8,240	-
Amortisation expense	(1,216)	(1,216)
Carrying amount at end	**9,436**	**2,399**
Internally generated intangibles		
Carrying amount at beginning	76,153	64,075
Additions	17,566	15,085
Amortisation expense	(3,178)	(3,007)
Impairment loss	(90,541)	-
Carrying amount at end	**-**	**76,153**
Intellectual property		
Carrying amount at beginning	151	331
Additions	-	-
Disposals	-	-
Amortisation expense	(151)	(180)
Impairment loss	-	-
Carrying amount at end	**-**	**151**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $'000	2016 $'000
12. INTANGIBLE ASSETS (CONTINUED)		
Asset work in progress		
Carrying amount at beginning	4,118	3,309
Additions	4,122	4,112
Transfers	(8,240)	(3,303)
Amortisation expense	-	-
Impairment loss	-	-
Carrying amount at end	-	**4,118**
Total intangible assets		
Carrying amount at beginning	82,821	68,027
Additions	21,701	19,197
Amortisation expense	(4,545)	(4,403)
Impairment loss	(90,541)	-
Carrying amount at end	**9,436**	**82,821**

Intellectual property

The fair value of intellectual property contributed by an equity interest holder to Sirtex Medical Ltd, has been capitalised and recorded at fair value at the time of the contribution.

Recognition of internally generated intangible assets

The Group undertakes clinical and R&D activities. These have been classified as internally generated intangible assets, in accordance with AASB 138 Intangible Assets. Expenditure on the research phase of projects are recognised as an expense.

As at 30 June 2017, four of the five major Phase IV post-marketing clinical trials were completed. Amortisation expense of $3,178,141 was recognised during the year (2016: $3,007,411).

Following the initial recognition of the capitalised development expenditure, the cost model is applied requiring the assets to be carried at cost less accumulated amortisation and accumulated impairment losses.

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

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

Impairment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

12. INTANGIBLE ASSETS (CONTINUED)

The carrying value of the five major Phase IV post-marketing clinical trials and the two development projects have been tested for impairment at the end of the financial year. The clinical trials did not achieve their primary end-points which was to demonstrate superiority over the standard of care used in the market by showing an overall increase in survival. Given the outcome, management determined that there is no future economic benefit to be derived from the capitalised clinical trials. The Group has conducted a review of its strategy. As a result of this, all intangible assets ready for use and not ready for use including development projects with a total carrying amount of $90,540,640 were considered for impairment and it was assessed that no future economic benefit could be generated.

Amortisation

Amortisation of intangible asset is recognised from the date of completion and calculated over the estimated useful life of these assets.

	Consolidated	
	2017 $'000	2016 $'000
13. TRADE AND OTHER PAYABLES		
Trade payables	13,550	16,296
Other payables	12,883	11,794
	26,433	**28,090**
14. PROVISIONS AND ACCRUALS		
(a) Short-term Provisions and Accruals		
Provision for long service leave	390	463
Provision for clinical studies	3,514	1,940
Provision for legal settlement	-	1,389
Redundancy provision	2,704	-
Onerous lease provision	626	-
Miscellaneous provisions	738	3,217
	7,972	**7,009**
(b) Long-term Provisions		
Provision for long service leave	513	671
Miscellaneous provisions	406	482
	919	**1,153**
The overall movement in the short-term provision for long service leave account is as follows:		
Opening balance	463	385
Additional provisions for the year	216	106
Amounts used during the year	(289)	(28)
Closing balance	**390**	**463**
The overall movement in the short-term provision for clinical studies account is as follows:		
Opening balance	1,940	3,180
Additional provisions for the year	7,442	8,228
Amounts used during the year	(5,868)	(9,468)
Closing balance	**3,514**	**1,940**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $'000	2016 $'000
14. PROVISIONS AND ACCRUALS (CONTINUED)		
The overall movement in the short-term provision for legal settlement account is as follows:		
Opening balance	1,389	-
Additional provisions for the year	-	1,389
Amounts used during the year	(1,389)	-
Closing balance	**-**	**1,389**
The overall movement in the short-term provision for redundancy provision account is as follows:		
Opening balance	-	-
Additional provisions for the year	2,704	-
Amounts used during the year	-	-
Closing balance	**2,704**	**-**
The overall movement in the onerous lease provision account is as follows:		
Opening balance	-	-
Additional provisions for the year	626	-
Amounts used during the year	-	-
Closing balance	**626**	**-**
The overall movement in the short-term miscellaneous provision account is as follows:		
Opening balance	3,217	3,101
Additional provisions for the year	22,748	23,506
Amounts used during the year	(25,227)	(23,390)
Closing balance	**738**	**3,217**
The overall movement in the long-term for long service leave provision account is as follows:		
Opening balance	671	521
Additional provisions for the year	3	163
Amounts used during the year	(161)	(13)
Closing balance	**513**	**671**
The overall movement in the long-term miscellaneous provision account is as follows:		
Opening balance	482	583
Additional provisions for the year	58	-
Amounts used during the year	(134)	(101)
Closing balance	**406**	**482**

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.

No liability is recognised if an outflow of economic resources as a result of a present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

14. PROVISIONS AND ACCRUALS (CONTINUED

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.

Restructuring provision

Restructuring provisions are recognised only if a detailed plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Onerous lease provision

An onerous lease provision is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. A provision is recognised to reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

15. CONTINGENT LIABILITIES

As previously disclosed, Sirtex Medical Limited (Sirtex) is the respondent to a representative proceeding (shareholder class action) brought in the Federal Court of Australia. The statement of claim filed in the proceeding alleges breaches by Sirtex of its continuous disclosure obligations in the period prior to 9 December 2016 and misleading and deceptive conduct arising out of statements made by Sirtex on 24 August 2016 and 25 October 2016.

The class of applicants is said to include all persons who acquired ordinary shares in Sirtex on or after 24 August 2016 and who were at the commencement of trading on 9 December 2016 holders of any of those shares. The applicants are seeking declarations, damages and costs. Sirtex wholly rejects the claims and is vigorously defending the proceeding. Since the case commenced on 13 February 2017, there have been several interlocutory disputes and Sirtex filed a defence on 21 July 2017. At the most recent case management hearing on 15 August 2017, the Court made timetable orders for the provision of discovery and the filing of lay and expert evidence and set the matter down for trial commencing in late October 2018.

Having regard to the status of the proceeding, the current pleadings and the other information available, the directors believe that any liability potentially arising out of the class action cannot be reliably assessed or estimated at this point in time. Therefore, no contingent asset or liability has been recorded in the financial statements.

	Consolidated	
	2017 $'000	2016 $'000
16. ISSUED CAPITAL		
Issued capital	32,154	28,616
Share issue costs	(1,258)	(1,258)
Share buy-back	(2,873)	-
Purchase of Non-Executive Directors' shares on market	(540)	(386)
Deferred tax on performance rights	7,309	5,712
	34,792	**32,684**
Number of shares issued	**57,465,062**	**57,273,893**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

16. ISSUED CAPITAL (CONTINUED)

	2017 No (000)	2017 $'000	2016 No (000)	2016 $'000
Fully paid ordinary shares				
Balance at beginning of the year	57,274	32,684	56,530	27,021
Purchase of Non-Executive Directors' share on market	-	(154)	-	(294)
Issued on exercise of performance rights	422	5,135	744	5,957
Share buy-back	(231)	(2,873)	-	-
Balance at end of the year	**57,465**	**34,792**	**57,274**	**32,684**

Share capital

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.

A total of 422,548 fully paid ordinary shares have been issued as a result of the exercise of performance rights at an average price of $31.66. The value of $5,135,337 booked to share capital represents the accounting expense previously recognised in relation to the performance rights and deferred tax on the performance rights exercised. 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 share capital and issued shares do not have a par value.

The purchase of Non-Executive Directors' (NEDs) share on market represent the Restricted Shares that are acquired by the trustee of the NEDs Plan trust in respect of the vested Rights and are subject to a dealing restriction such that they may not be dealt with until the earlier of ceasing to be a NED of the Group or the lapsing of fifteen years from the grant date. The Restricted Shares were acquired via on-market purchase of Sirtex shares rather than by new issues of shares.

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 and a Non-Executive Directors' Rights Plan in place. Refer to note 21 for further details.

Capital management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. Management effectively manages the Group's capital by assessing 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 2017.

	Consolidated	
	2017 $'000	2016 $'000
17. RESERVES		
Share Rights Reserve	1,966	4,652
Foreign Currency Translation Reserve	1,291	2,004
	3,257	**6,656**

The Executive Performance Rights Plan,the Non-Executive Directors' Rights Plan and the Sirtex Equity Plan gives rise to a share rights reserve. The translation of foreign controlled subsidiaries into the functional currency of the Group gives rise to a foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017 $	2016 $
18. EARNINGS PER SHARE		
(a) Basic earnings per share		
(Loss)/profit from continuing operations attributable to equity holders	**(26,257,188)**	**53,581,892**
Weighted average number of shares used in the calculation of basic earnings per share	57,668,660	57,197,572
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 and Non-Executive Directors' Rights Plans (refer to note 21 for further details)	-	942,027
(b) Diluted earnings per share		
(Loss)/profit from continuing operations attributable to equity holders	**(26,257,188)**	**53,581,892**
Weighted average number of shares used in the calculation of diluted earnings per share	57,668,660	58,139,599

	Consolidated	
	2017 $'000	2016 $'000
19. DIVIDENDS		
Distributions paid		
Declared 77.8% franked (2016: 100% franked) ordinary dividend of 30 cents (2016: 20 cents) cents per share franked at the tax rate of 30% (2016: 30%)	17,306	11,432
Balance of franking credit amount at year end adjusted for franking credits arising from payment of provision for income tax	1,570	6,206

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

Dividend franking account

Dividends paid during the financial year were partially franked at the tax rate of 30% (2016: 30%). There are no further tax consequences as a result of paying dividends other than a reduction in the franking account.

At 30 June 2017 there were $1,570,000 of franking credits (2016: $6,206,000) available to shareholders of Sirtex Medical Limited for subsequent financial years.

The ability to utilise the franking account credits is dependent upon the ability to declare dividends. Dividends in excess of the dividend franking account balance will be unfranked.

20. OPERATING SEGMENTS

Identification of reportable segments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

20. OPERATING SEGMENTS (CONTINUED)

Intersegment 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 a 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.

Segment performance

Segment revenue

	External Sales		Inter-segment(s)		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Asia Pacific	9,076	8,361	8,832	163,751	17,908	172,112
Americas	186,883	185,204	14,149	13,819	201,032	199,023
EMEA	38,323	38,927	163,974	-	202,297	38,927
Total of all segments					**421,237**	**410,062**
Interest					2,645	2,229
Eliminations					(186,955)	(177,570)
Consolidated					**236,927**	**234,721**

The total revenue presented for the Group's operating segments reconcile to the key financial figures as presented in its financial statements as follows:

	2017 $'000	2016 $'000
Revenue from the sale of goods	234,282	232,492
Other segment revenue	2,645	2,229
From other segments	186,955	177,570
Elimination of intersegment revenues	(186,955)	(177,570)
Group revenues	**236,927**	**234,721**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

20. OPERATING SEGMENTS (CONTINUED)

Segment net (loss)/profit after tax

	2017 $'000	2016 $'000
Asia Pacific	(50,268)	95,397
Americas	7,750	13,547
EMEA	26,111	33,634
Total of all segments	**(16,407)**	**142,578**
Eliminations	(24,547)	(72,580)
Profit before income tax expense	**(40,954)**	**69,998**
Income tax benefit/(expense)	14,697	(16,416)
(Loss)/Profit after income tax expense	**(26,257)**	**53,582**

Segment assets and liabilities

	Assets		Liabilities	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Asia Pacific	207,797	273,960	66,860	86,408
Americas	50,804	55,959	27,718	36,100
EMEA	58,772	52,865	37,961	29,998
Total of all segments	**317,373**	**382,784**	**132,539**	**152,506**
Eliminations	(123,251)	(121,067)	(87,884)	(84,293)
Consolidated	**194,122**	**261,717**	**44,655**	**68,213**

Other segment information

	Asia Pacific		Americas		EMEA	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Acquisition of segment assets						
– Plant and equipment	379	1,045	444	1,406	416	673
– Intangibles	21,701	19,197	-	-	-	-
Depreciation and amortisation of segment assets						
– Plant and equipment	779	763	856	812	736	589
– Intangibles	4,545	4,403	-	-	3	-
Impairment expense of segment assets						
– Plant and equipment	637	-	-	-	-	-
– Intangibles	90,541	-	-	-	-	-

Major customers

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

21. SHARE BASED PAYMENTS

Executive Performance Rights

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 Group 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 and the binomial option valuation models.

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.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to the share rights reserve. The expense is allocated over the vesting period, based on the best available estimate of the number of share rights expected to vest.

Upon exercise of performance rights, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

On 21 December 2016, a total of 221,575 executive 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 after 30 June 2019. 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
26 November 2013	448,500
23 September 2014	284,720
1 September 2015	96,244
27 October 2015	45,930
4 February 2016	61,900
21 December 2016	221,575

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 2016 to 30 June 2019 (the Measurement period), namely Indexed Shareholder Return (i-TSR) and Earnings per Share (EPS). The percentage of rights vested will be determined as follows:

TSR (% pa compounded)	Vesting (%)
100% of ASX300 TSR and greater than 10%	0%
Above market average but not reaching target	1% for each 1% above market average (pro-rata)
200% of ASX300 TSR	100% of Target grants (66.7% of Plan grants)
Surpassing target	0.5% for each 1% above target up to 1.5 times entitlement

EPS (% pa compounded)	Vesting (%)
EPS compound growth of 10%	0%
Above threshold but not reaching target	10% for each 1% above market average (pro-rata)
EPS compound growth of 20%	100% of Target Rights (66.7% of Plan Rights)
Surpassing target	5% for each 1% above target up to 1.5 times entitlement

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

21. SHARE BASED PAYMENTS (CONTINUED)

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

Grant Date	Vesting 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	Lapsed
26-Nov-13	30-Jun-16	-	443,350	-	423,350	-	20,000	20,000	-
23-Sep-14	30-Jun-17	-	281,320	-	-	76,400	204,920		204,920
1-Sep-15	30-Jun-18	-	96,244	-	-	-	96,244	-	-
27-Oct-15	30-Jun-18	-	45,930	-	-	45,930	-	-	-
4-Feb-16	30-Jun-18	-	61,900	-	-	7,000	54,900	-	-
21-Dec-16	30-Jun-19	-	-	221,575	-	41,499	180,076	-	-

The weighted fair value of the performance rights issued during the financial year ended 30 June 2017 has been calculated at $6.04 (2016: $17.83).

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

Exercise price	Nil
Performance rights life	3 years
Underlying share price	$14.76
Expected share price volatility	30%
Expected index volatility	10%
Expected dividend	$0.14 per share
Distribution yield	1.05%
Correlation	12.50%
Risk-free interest rate	2.04%

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 profit or loss and other comprehensive income is $1,666,747 (2016: $2,771,860) of performance rights plan expense, and relates in full to equity-settled share-based payment transactions.

Non-Executive Directors' Rights

On 1 July 2016, a total of 5,917 rights were granted to Non-Executive Directors under the Non-Executive Directors' Rights Plan to take up rights which may convert into ordinary shares, for nil consideration. The rights will vest three months after grant provided that the Non-Executive Directors continues to be a Director at that time. There are no performance criteria attached to the vesting of the rights. Upon vesting of the rights and conversion into ordinary shares, the shares are transferred to each NED, but with a CHESS holding lock. Disposal restrictions stipulate that, except by force of law, exercised shares may not be dealt with until the earlier of ceasing to be a NED of the Group or the elapsing of fifteen years from the grant date.

Rights granted to Non-Executive Directors are as follows:

Grant Date	Number
23-Nov-15	4,230
01-Jul-16	5,917

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

21. SHARE BASED PAYMENTS (CONTINUED)

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

Grant Date	Vesting Date	Exercise Price	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of year	Vested and exercisable	Vested and unexercisable
1 July 2016	1-Oct-16	-	-	5,917	5,917	-	-	-	-

Sirtex Equity Plan

The purpose of the Sirtex Equity Plan is to encourage employees to hold Sirtex shares, and to align their interests to shareholders' interests.

The first grant of performance rights under the Plan was made on 20 September 2016. with a subsequent grant on 9 March 2017.

During the financial year ended 30 June 2017, a total of 78,590 performance rights were granted to Eligible Employees under the Sirtex Equity plan, to take up performance rights which may convert into ordinary shares, for nil consideration. The performance rights are exercisable after 30 June 2019. The performance rights hold no voting or dividend rights, and are not transferable.

Rights granted to Eligible Employees are as follows:

Grant Date	Number
20 September 2016	75,340
9 March 2017	3,250

The Board has determined that there will be a performance condition based on Indexed Shareholder Return (i-TSR) calculated over a three year period from 1 July 2016 to 30 June 2019 (the Measurement period). The percentage of rights vested will be determined as follows:

TSR (% pa compounded)	Vesting (%)
Less than 100% of ASX300 TSR	0%
At least 100% of ASX300 TSR and positive SRX TSR	100% of Plan grants

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

Grant Date	Vesting 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 & exercis-able	Vested & unexercis-able
20-Sep-16	30-Jun-19	-	-	75,340	-	13,440	61,900	-	-
9-Mar-17	30-Jun-19	-	-	3,250	-	-	3,250	-	-

The weighted fair value of the performance rights issued during the financial year ended 30 June 2017 has been calculated at $17.59.

22. KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017 and 30 June 2016.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2017 $	2016 $
Short-term employee benefits	5,035,196	6,134,843
Post-employment benefits	155,687	173,403
Termination benefits	675,035	-
Share-based payment	(750,154)	1,778,095
	5,115,764	**8,086,341**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

23. PARENT ENTITY

	2017 $'000	2016 $'000
Assets		
Current assets	134,997	127,962
Non-current assets	33,537	30,428
Total assets	**168,534**	**158,390**
Liabilities		
Current liabilities	50,066	27,976
Non-current liabilities	939	1,243
Total liabilities	**51,005**	**29,219**
Equity		
Issued capital	34,792	32,684
Reserves	(5,907)	(2,032)
Retained earnings	88,644	98,519
Total Equity	**117,529**	**129,171**
Reserves		
Share rights reserve	(584)	874
Share capital reserve	(5,323)	(2,906)
Total reserves	**(5,907)**	**(2,032)**
Financial performance		
Profit for the year	7,430	43,626
Total comprehensive income	**7,430**	**43,626**

Financial guarantees

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

Contingent liabilities

Refer to note 15.

Contractual commitments

The parent entity has an operating lease commitment for the office lease in Sydney. Refer to note 24 for further details.

Changes in accounting policies

There have been no changes to accounting standards impacting the parent entity in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

24. COMMITMENTS

Operating Leases

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

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

Location	Lease term	Remaining lease period
Sydney - North Sydney	84 months	37 months
Sydney - St Leonards	60 months	43 months
Singapore	36 months	14 months
Bonn (GER)	98 months	55 months
Frankfurt (GER)	120 months	74 months
Boston (US)	123 months	55 months
London (UK)	48 months	26 months

The consolidated entity also leases various items of plant and equipment in Germany and the United States with lease terms up to 60 months, and remaining periods of up to 46 months.

	Consolidated	
	2017 $'000	2016 $'000
Non-cancellable operating leases:		
Not longer than 1 year	3,557	3,299
Longer than 1 year and not longer than 5 years	8,497	10,623
Longer than 5 years	727	1,865
	12,781	**15,787**

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 $512,000 (2016: $1,469,000). The amount of all outstanding contractual commitments as at 30 June 2017 is $512,000 (2016: $1,981,000).

Clinical Trial Commitments

The consolidated entity has entered into various clinical study agreements with Clinical Research Organisations and specialist Service Providers for the management of clinical studies, and with a range of major hospitals for the recruitment of patients into the clinical trials.

Under these agreements, the consolidated entity is committed to providing funds over future periods, payable within one year, of $4,716,000 (2016:$9,358,000). The amount of all outstanding contractual commitments as at 30 June 2017 is $6,126,000 (2016: $17,574,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

25. CONTROLLED ENTITIES

Name of entity	Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
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 Executive Share Trust	Australia	100	100
NEDS Rights Plan Trust	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 Technology Germany GmbH	Germany	-	100
Sirtex Germany Manufacturing GmbH	Germany	100	100
Sirtex Medical United Kingdom Ltd	United Kingdom	100	100
Sirtex Medical France S.A.R.L.	France	100	100
Sirtex Medical MEA FZE	United Arab Emirates	100	100
Sirtex Medikal Limited Şirketi	Turkey	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 Technology Japan KK	Japan	100	100

Sirtex Medikal Limited Şirketi was incorporated on 15 June 2017.

Sirtex Technology Germany GmbH was deregistered during the year ended 30 June 2017.

Sirtex Medical Ltd and all its Australian controlled entities are included in the tax-consolidated group. Sirtex Medical Ltd is the head entity in the tax consolidation group. These entities are taxed as a single entity.

26. RELATED PARTY TRANSACTIONS

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 25.

(b) Loans and transactions with key management personnel and related entities

At 30 June 2017, $2,531,294 (2016: $1,255,046) was payable to directors, key management personnel and director related entities.

At 30 June 2017, $1,486 (2016: $1,493) was receivable from directors, key management personnel and director related entities.

The payable relates to deferred remuneration which is fully offset with a corporate asset and recognised net in the financial statements (2015: deferred remuneration which is fully offset with a corporate asset and recognised net in the financial statements). The receivable relates to expense reimbursement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(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 Ltd paid management fees of $163,242 (2016: $23,213) 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 payables to subsidiaries: $46,601,600 (2016: $23,932,288)

Loans receivable from subsidiaries: $15,045,768 (2016: $15,317,888)

27. EVENTS AFTER REPORTING DATE

On 4 August 2017, it was determined that none of the Executive Performance Rights issued on 23 September 2014 vested. The Board exercised its discretion to disallow any vesting of rights.

Since the end of the year, the Directors have declared an unfranked dividend of 30 cents per share to be paid on 18 October 2017 (2016: 30 cents per share). The record date for the dividend is 27 September 2017.

Sirtex Medical Limited (Sirtex) is the respondent to a representative proceeding (shareholder class action) brought in the Federal Court of Australia. Details are in Note 15 Contingent Liabilities.

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 resuts of those operations or the state of affairs of the Group in future financial years.

28. REMUNERATION OF AUDITORS

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

	Consolidated	
	2017 $'000	2016 $'000
Remuneration of the auditor of the parent entity for audit and review of financial reports	255	164
Agreed upon procedures performed for the parent entity	-	78
Remuneration of the auditors of subsidiaries for audit and review of financial reports	201	159

The auditor of Sirtex Medical Ltd and its Australian subsidiaries is Grant Thornton Audit Pty Ltd. The auditor of the German subsidiary is Warth & Klein Grant Thornton AG. The auditor of the US entities is Grant Thornton LLP. The auditor of the Singapore entities is Grant Thornton Advisory Pte Ltd. The auditor for the UK entity is Grant Thornton UK LLP.

29. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

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	
	2017 $'000	2016 $'000
Financial Assets		
Cash and cash equivalents	50,349	21,025
Other short-term deposits	68,000	86,000
Trade and other receivables	36,976	42,272
Other financial assets *	1,575	1,687
	156,900	**150,984**
Financial Liabilities		
Trade and other payables	26,432	28,090
	26,432	**28,090**

* Other financial assets comprise security deposits

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

Financial Risk Exposures and Management

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

(a) Interest rate risk

The Group's exposure to interest rate risk relates to its cash and short-term deposits. The interest rate as at 30 June 2017 on cash was 0.70% (2016: 0.45%) and on short-term deposits 2.78% (2016: 3.08%). 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 changes in profit and equity as follows:

	Consolidated	
	2017 $'000	2016 $'000
Change in profit:		
Increase in interest rate by 2%	2,130	1,926
Decrease in interest rate by 2%	(2,130)	(1,926)
Change in equity:		
Increase in interest rate by 2%	2,130	1,926
Decrease in interest rate by 2%	(2,130)	(1,926)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2017, 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 hedging instruments 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 changes in profit and equity as follows:

	Consolidated	
	2017 $'000	2016 $'000
Change in profit:		
Increase of AUD to USD by 15%	(14,237)	(16,840)
Decrease of AUD to USD by 15%	14,237	16,840
Increase of AUD to EUR by 15%	(211)	(2,022)
Decrease of AUD to EUR by 15%	211	2,022
Change in equity:		
Increase of AUD to USD by 15%	(14,237)	(16,840)
Decrease of AUD to USD by 15%	14,237	16,840
Increase of AUD to EUR by 15%	(211)	(2,022)
Decrease of AUD to EUR by 15%	211	2,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

2017	USD 000	EUR 000	GBP 000	SGD 000	JPY 000	AED 000	TRY 000	AUD 000
Group entity (Functional currency)								
US Entities (USD)	17,993							23,394
European Entities (EUR)		9,791						14,550
UK Entities (GBP)			(1,417)					(2,397)
Singapore Entities (SGD)				1,365				1,288
Japanese Entities (JPY)					8,283			94
Middle Eastern Entities (AED)						-		-
Turkish Entities (TRY)							3	1
Balance Sheet Exposure	**17,993**	**9,791**	**(1,417)**	**1,365**	**8,283**	**-**	**3**	**36,930**

2016	USD 000	EUR 000	GBP 000	SGD 000	JPY 000	AED 000	TRY 000	AUD 000
Group entity (Functional currency)								
US Entities (USD)	19,096							25,718
European Entities (EUR)		7,463						11,143
UK Entities (GBP)			(66)					(118)
Singapore Entities (SGD)				(467)				(465)
Japanese Entities (JPY)					4,292			56
Middle Eastern Entities (AED)						-		-
Turkish Entities (TRY)							-	-
Balance Sheet Exposure	**19,096**	**7,463**	**(66)**	**(467)**	**4,292**	**-**	**-**	**36,334**

Foreign Currency Call/Put Options

The Group has no currency option open at reporting date.

ADDITIONAL STOCK EXCHANGE INFORMATION

AS AT 31 JULY 2017

Number of shareholders

56,817,734 fully paid ordinary shares are held by 16,656 individual shareholders. All issued ordinary shares carry one vote per share.

Distribution of shareholders

		Ordinary shares	Holders
1	- 1,000	5,006,164	12,447
1,001	- 5,000	7,911,953	3,666
5,001	- 10,000	2,395,652	328
10,001	- 100,000	4,343,535	183
100,001	and over	37,160,430	32
		56,817,734	**16,656**

Non-marketable parcels - 491 shareholders held less than a marketable parcel of ordinary shares representing 8,634 ordinary shares.

Substantial shareholders

Ordinary shareholders	Number	Fully Paid Percentage
Yarra Capital Management	3,644,947	6.4
Allan Gray Investment Management	2,957,670	5.2

Twenty largest shareholders

Ordinary shareholders	Number	Fully Paid Percentage
HSBC Custody Nominees (Australia) Limited	14,714,353	25.90
J P Morgan Nominees Australia Limited	6,662,250	11.71
Citicorp Nominees Pty Limited	5,754,205	10.16
National Nominees Limited	3,844,845	6.78
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	1,724,726	3.03
UBS Nominees Pty Limited	1,125,801	1.98
Bannaby Investments Pty Limited (Bannaby Super Fund A/C)	610,000	1.07
SCJ Pty Ltd (Jermyn Family Account)	600,000	1.06
BNP Paribas Noms Pty Ltd (DRP)	446,586	0.78
Mr Stephen Craig Jermyn (Jermyn Family S/Fund A/C)	400,000	0.70
House of Maister Financial Services Ltd	284,491	0.50
Mr Tod McGrouther	271,207	0.48
Carpe Diem Asset Management Pty Ltd (Lowe Family A/C)	236,000	0.42
City and Westminster Limited	228,793	0.40
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	200,368	0.35
Arrakis Nominees Pty Ltd (Arrakis Family Capital A/C)	167,835	0.30
AMP Life Limited	167,046	0.29
Nulis Nominees (Australia) Limited (Navigator Mast Plan Sett A/C)	136,763	0.24
Mr Mike Fegelson	135,630	0.24
Forbar Custodians Limited	133,038	0.23
	37,843,937	**66.62**

COMPANY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2017

COMPANY SECRETARY

Mr Darren Smith

STOCK EXCHANGE LISTING

Australian Stock Exchange Limited
ASX code SRX

SHARE REGISTRAR

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia
Tel: 1300-554-474 (in Australia)
Tel: +61-1300-554-474 (international)

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

Joseph-Schumpeter-Allee 33
53227 Bonn, 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 24 October 2017 at the Royal Automobile Club of Australia, 89 Macquarie Street, Sydney NSW 2000

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