ASX Announcement
29 August 2018

Appendix 4E
Preliminary Final Report

SIRTEX MEDICAL LIMITED
ABN 35 078 166 122

Year Ended 30 June 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	30/06/18 $'000	30/06/17 $'000	% Movement	
Revenues from ordinary activities	220,737	236,927	down	6.8%
Profit/(loss) after tax from ordinary activities	41,469	(26,257)	up	nm*
Net profit/(loss) for the period attributable to members	41,469	(26,257)	up	nm*
Reported EBITDA	60,645	(36,684)	up	nm*
Underlying EBITDA**	75,859	61,453	up	23.4%

Dividend Distribution	Cents per Share	Franked cents per share
Current Period		
Final dividend	nil	nil
Record date for determining entitlements to dividend	n/a	
Payment date for dividend	n/a	
Previous corresponding period		
Final dividend - paid 18 October 2017	30.0	nil

NTA Backing	30/06/18	30/06/17
Net tangible asset backing per ordinary security	270.6 cents	243.7 cents

Additional Appendix disclosure requirements can be found in the 2018 Annual Report lodged with this document which contains the Consolidated Financial Report for the year ended 30 June 2018.
This report is based on the audited Consolidated Financial Report for the year ended 30 June 2018.

* not meaningful
** excludes costs associated with the acquisition process, legal costs associated with the shareholder class action and unrealised/realised FX gains/losses

SIRTeX

2018 ANNUAL REPORT

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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 ('Sirtex') for the year ended 30 June 2018.

DIRECTORS

The Directors of Sirtex Medical Ltd during the financial year and until the date of this report are Dr J Eady (Interim Chair appointed 29 October 2017), Mr A McLean (CEO), Mr G Boyce, Mr R Hill (Chair retired 28 October 2017), Ms H Kurincic (appointed 13 September 2017), Mr N Mitchell, and Dr K Woodthorpe AO.

Dr John Eady
Interim Chairman (Non-Executive) – appointed 29 October 2017
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 startup and established companies, and with government bodies. Dr Eady is a Fellow of the Academy of Technological Sciences and Engineering and Consults extensively on business leadership and improvement.

Responsibilities
Chair of the Remuneration Committee, Member of the Audit Committee (until 31 October 2017) and the Risk, Health and Safety Committee (until 31 October 2017)

Years with Sirtex
13 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 year

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 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
Member of the Audit Committee (Chair until 31 October 2017), Chair of the Nomination Committee (appointed 28 September 2017), Member of the Remuneration Committee, and the Risk, Health and Safety Committee (until 31 October 2017)

Years with Sirtex
15 years

Richard Hill
Chairman (Non-Executive) – retired 28 October 2017
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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Responsibilities

Member of the Audit Committee, the Risk, Health and Safety Committee and the Remuneration Committee (until 28 October 2017)

Years with Sirtex
14 years

Helen Kurincic
Director (Non-Executive)
MBA, FAICD, Grad Dip Wom Stud, PBC Crit Care, Cert Nsg

Experience and Expertise
Ms Kurincic was appointed a Director in September 2017. Ms Kurincic has over 20 years of direct executive and board experience within the healthcare industry in Australia. Ms Kurincic is the current Chairman of Integral Diagnostics Limited (ASX:IDX); a Non-Executive Director of Estia Health (ASX:EHE); a Non-Executive Director of HBF Health Limited; and a consultant providing healthcare sector advisory services for global and local investors and research firms. Ms Kurincic was the former Chief Operating Officer and a Director of Genesis Care.

Responsibilities
Member of the Risk, Health and Safety Committee, the Remuneration Committee and Audit Committee (until 31 October 2017)

Years with Sirtex
10 months

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 (appointed Chair on 1 November 2017), the Nomination Committee, the Remuneration Committee (until 31 October 2017) and the Risk, Health and Safety Committee

Years with Sirtex
1 year

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
Chair of the Risk, Health and Safety Committee, Member of the Audit Committee, the Remuneration Committee (until 31 October 2017) and the Nomination Committee

Years with Sirtex
3 years

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dr J Eady (Interim Chairman)	27	27	5	5	3	3	2	2	-	-
A McLean	26	26	-	-	3	3	-	-	-	-
G Boyce	27	27	5	5	4	4	3	3	2	2
R Hill (Chairman)	4	4	3	3	2	2	2	2	-	-
H Kurincic	25	25	2	2	2	2	1	1	-	-
N Mitchell	27	27	3	3	4	4	2	2	2	2
Dr K Woodthorpe	27	26	3	3	4	4	3	3	2	2

PRINCIPAL ACTIVITIES

Sirtex Medical Ltd and its controlled entities ('Sirtex') 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

Sirtex's main product SIR-Spheres® Y-90 resin microspheres is a targeted radioactive treatment for primary and secondary (metastatic) 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, Sirtex sold 11,861 doses worldwide.

Dose sales for the year decreased by 5.7 per cent over the previous financial year. The Americas (North and Latin America) market with 8,127 doses declined by 7.7 per cent, the Europe, Middle East and Africa (EMEA) market with 2,623 doses declined by 2.0 per cent, and Asia Pacific (APAC) recorded 1,111 dose sales, representing growth of 1.6 per cent. The number of treatment centres certified to use SIR-Spheres microspheres stands at 1,231 centres globally, representing growth of 12.6 per cent.

Sales revenue reached $218,735,000 for the financial year ended 30 June 2018, a decrease of 6.6 per cent over last financial year ($234,282,498). The percentage decline in worldwide revenue was higher than the percentage decline recorded in product volume growth principally due to currency headwinds experienced in the US during the period and changes in geographic mix associated with higher growth in lower priced markets across the APAC region.

On the 27 June 2017, Sirtex announced a reset of the business that would significantly reduce the cost base. This strategy was successfully implemented and resulted in operating expenses being reduced by approximately $32 million dollars to $110 million (excluding expenses related to the class action and expenses related to the acquisition of Sirtex) in financial year 2018.

Profit before tax increased to $59,271,000 for the year ended 30 June 2018 (2017: loss before tax of $40,953,964), and profit after tax has increased to $41,469,000 (2017: loss after tax of $26,257,188). The Company has achieved underlying EBITDA of $75.9 million after excluding acquisition costs of $10.8 million, class action costs of $2.0 million and the negative effect of FX of $2.4 million.

Earnings per share for the year ended 30 June 2018 has increased to $0.739 (2017: earnings per share loss of $0.455). Net assets for Sirtex increased by 6.5 per cent to $159,176,629 (2017: $149,467,490). There was an increase in cash and short-term deposits of $9,547,000 to $127,896,000.

DIRECTORS’ REPORT

FOR THE YEAR ENDED 30 JUNE 2018

ACQUISITION INFORMATION

On 30 January 2018 Sirtex announced that it had entered into a binding scheme implementation deed with Varian Medical Systems, Inc under which it is proposed that Varian would acquire 100% of the shares in Sirtex by way of a scheme of arrangement (the scheme) for A$28.00 per share in cash. Under the terms of the scheme, Sirtex shareholders would be entitled to receive A$28.00 in cash per Sirtex share, subject to all applicable conditions being satisfied or waived and the scheme being implemented.

On 4 May 2018 Sirtex announced that it received an unsolicited non-binding, indicative and conditional proposal from CDH Investments (CDH) to acquire 100% of Sirtex for a cash price of A$33.60 per share. CDH is a China-based alternative asset fund manager with over US$20 billion of committed capital under management. The indicative proposal was subject to a number of conditions including approval by CDH's Investment Committee following completion of satisfactory confirmatory due diligence and entering into of formal transaction documents. Any acquisition of Sirtex by CDH would also be conditional on approval of Australia's Foreign Investment Review Board.

On 22 May 2018 Sirtex announced that following a period of due diligence by CDH Investments, it had received an offer capable of acceptance from CDH Genetech Limited for the acquisition of all of the shares in Sirtex by way of scheme of arrangement, including a draft scheme implementation deed. Additionally, Sirtex provided a trading update to the financial markets that the underlying 2018 EBITDA was expected to be at the lower end of the $75 - 85 million previously guided to the financial market.

On 23 May 2018 Sirtex announced that Varian had indicated that it would not be submitting a counter-proposal to the offer made by CDH Genetech.

On 14 June 2018 Sirtex announced the Termination of the Varian scheme and the entering into a binding scheme implementation deed with CDH Genetech Limited and China Grand Pharmaceutical and Healthcare Holdings Limited for the acquisition of all of the shares in Sirtex for A$33.60 per share, by way of a scheme of arrangement. Sirtex moved to terminate the Varian scheme implementation deed and applied to the Court for orders to cancel the scheme meeting in respect of the Varian scheme. Sirtex was required to pay a break fee to Varian of approximately A$15.8 million as a result of the Sirtex Board supporting the CDH-CGP scheme. CDH and CGP agreed to indemnify Sirtex against this break fee in the CDH-CGP scheme implementation deed.

CLASS ACTION

On 19 December 2017, Sirtex announced that a second class action had been commenced against it in the Federal Court of Australia. On 30 April 2018, by orders of the Federal Court of Australia, the first proceeding and the second proceeding were consolidated into a single proceeding. It is expected that the consolidated proceeding will be set down for hearing commencing in April 2019.

The Company is vigorously defending the class action (see note 15).

SHARE BUY-BACK

A $30,000,000 on-market share buy-back was announced in February 2017, which commenced in early June 2017 and completed on 8 September 2017. For the year ended 30 June 2018, Sirtex bought back $27,126,521 worth of the Company’s shares, representing 1,711,954 shares (2017: $2,873,348 or 231,379 shares).

DIVIDENDS

An unfranked ordinary dividend of 30 cents per share was declared for the financial year ended 30 June 2017 and paid during the financial year ended 30 June 2018 (2017: 30 cents).

The Board has not declared a dividend for the 2018 financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Sirtex is in the process of being acquired by CDH-CGP. It is anticipated that the scheme will be voted on by shareholders on 10 September 2018. If this is successful, the Company will delist from the ASX following the completion of the transaction.

UNISSUED SHARES

Executive Performance rights on issue at year end

As at 30 June 2018, the unissued shares of Sirtex Medical Ltd under the Executive Performance Rights Plan are as follows:

Grant date	Date of Vesting	Exercise Price $	Number under Rights
1 September 2015	30 June 2018	nil	85,444
4 February 2016	30 June 2018	nil	39,300
21 December 2016	30 June 2019	nil	148,546
24 November 2017	30 June 2020	nil	454,027

Rights holders do not have any right 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 2018, 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	50,990
9 March 2017	30 June 2019	nil	2,150

Rights holders do not have any right 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 2018, 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 2018, 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 2018.

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 2018 is as follows:

	2018 Ordinary Shares	2018 Rights	2017 Ordinary Shares	2017 Rights
Dr J Eady	11,773	-	10,546	-
A McLean	-	102,723	-	-
G Boyce	10,418	-	9,436	-
R Hill	13,835	-	11,871	-
H Kurincic	590	-	-	-
N Mitchell	10,236	-	3,000	-
Dr K Woodthorpe	4,760	-	1,778	-

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.

EVENTS AFTER REPORTING DATE

As contemplated by the scheme implementation deed, the Board has determined to exercise its discretion (in accordance with and as permitted by the terms of the Sirtex Executive Rights Plan) to vest all of the unvested FY17 and FY18 Sirtex Rights that are outstanding on the Effective Date subject to the scheme becoming Effective and to issue Sirtex Shares to holders of those FY17 and FY18 Sirtex Rights that exercise those Sirtex Rights prior to the scheme Record Date.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The Sirtex Shares to be issued to the holders of the FY17 and FY18 Sirtex Rights on exercise will therefore be eligible to participate in the scheme, such that the holders would receive the scheme Consideration in respect of those Sirtex Shares to be issued to them.

FY17 and FY18 Sirtex Rights that are not exercised will lapse if the scheme becomes Effective.

Given that the scheme implementation deed has been entered into, Sirtex has determined that it will not issue further Sirtex Rights in respect of the financial year ending 30 June 2019 (as it otherwise would). However, if the scheme implementation deed is terminated for any reason, Sirtex will consider issuing Sirtex Rights to persons that otherwise would have received them in respect of the financial year ending 30 June 2019.

On 3 July 2018 Sirtex announced the Commonwealth Treasurer has decided that the Commonwealth of Australia had no objection to the yet to be incorporated Australian entity, to be ultimately owned by CDH Fund V, L.P. and China Grand Pharmaceutical and Healthcare Holdings Limited, acquiring up to 100% of Sirtex. Receipt of this Australian Foreign Investment Review Board clearance in respect of the scheme satisfied a key condition to implementation of the scheme.

On 13 July 2018 Sirtex announced it has paid Varian a break-fee of approximately A$15.8 million. Under the terms of the scheme implementation deed entered into with CDH Genetech Limited and China Grand Pharmaceutical and Healthcare Holdings Limited, on the same day CDH-CGP agreed to indemnify Sirtex against payment of the break fee payable to Varian resulting from the Sirtex Board's support for the CDH-CGP scheme of arrangement. Sirtex received cash reimbursement from CDH-CGP equivalent to the amount paid to Varian.

On 16 July 2018 Sirtex announced the US Federal Trade Commission granted early termination of the waiting period under the Clayton Act and Premerger Notification Rules with respect to the Premerger Notification made by Sirtex and CDH Fund V, L.P. under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Receipt of this approval satisfied a condition to implementation of the scheme of arrangement proposed under the scheme implementation deed between Sirtex, CDH Genetech Limited and China Grand Pharmaceutical and Healthcare Holdings Limited.

On 1 August 2018, the Federal Court of Australia made orders approving the dispatch of the scheme Booklet in relation to proposed acquisition of all the shares in Sirtex by Grand Pharma Sphere (Australian Bidco) Pty Ltd. By way of scheme of arrangement and has ordered that a meeting of shareholders be convened to consider and vote on the scheme on Monday 10 September 2018.

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 Sirtex, the results of those operations, or the state of affairs of Sirtex 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

Sirtex is not subject to significant environmental regulation under the law of any of the jurisdictions Sirtex 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 audit 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 2018 has been received and can be found on page 24 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 2018

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 2018. 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 2018;
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

- Dr John Eady, Independent Non-Executive Director - Deputy Chair, Interim Chair (effective 28 October 2017) and Chair of Remuneration Committee
- Mr Grant Boyce, Independent Non-Executive Director – Chair of Audit Committee (until 31 October 2017) and Chair of the Nominations Committee (effective 17 September 2017)
- Mr Richard Hill, Independent Non-Executive Chairman (retired 28 October 2017)
- Ms Helen Kurincic, Independent Non-Executive Director (appointed 13 September 2017)
- Mr Neville Mitchell, Independent Non-Executive Director - Chair of Audit Committee (appointed 1 November 2017)
- Dr Katherine Woodthorpe AO, Independent Non-Executive Director – Chair of the Risk, Health and Safety Committee

Executives

- Mr Andrew McLean, CEO, Managing Director and Executive Director
- Mr Darren Smith, CFO and Company Secretary
- Mr Nigel Lange, Chief Commercial Officer (departed 23 March 2018)
- Mr Anthony Dixon, Executive Vice President, Sales and Marketing, EMEA
- Mr Reuben Teo, Executive Vice President, Sales and Marketing, APAC (departed 19 April 2018)
- Mr Kevin Smith, Executive Vice President, Sales and Marketing, Americas (appointed 28 August 2017)
- Mr Robert Hardie, Global Head of Operations (retired 31 December 2017)
- Mr G Spindler, Global Head of Operations (appointed 1 January 2018)
- Dr David Cade, Chief Medical Officer (departed 22 September 2017)

Unless otherwise stated, the KMP held their positions throughout the financial year ended 30 June 2018.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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 Sirtex'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 (until 22 September 2017) 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 Sirtex.

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 Sirtex 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 modify the Plan Rules or terminate the STI Plan in relation to future periods.
- The Clawback policy applies to STI awards.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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 2018 the MD/CEO was contractually entitled to an STI award equal to 50% of Fixed Remuneration. The target award opportunity for the CCO and CFO 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 in the future will be 'Normalised Group EBITDA', 'doses sold' , 'progress with growth initiatives' and 'leadership effectiveness'. Those for the other executive KMP were based on two measurement groups, 'Normalised Group EBITDA' and focusing KPIs specific to their roles. 'Normalised Group EBITDA' is defined as Group earnings before interest, tax, depreciation and amortisation, excluding exchange rate fluctuations, and adjusted for significant and specified, non-recurring items. It is a major KPI for all executive KMP as teamwork across Sirtex 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:

STI Performance Reward Scale

Performance Level	Budget Achievement	Percentage of Target STI Payable
<Threshold	< 95%	Nil
Threshold	95%	25%
	> 95%, <100%	Pro-rata
	100%	75%
	>100%, <105%	Pro-rata
Target	105%	100%
	>105%, <110%	Pro-rata
Stretch	≥ 110%	110%

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Aspect	Plan Rules, Offers and Comments
Cessation of Employment During a Measurement Period	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.

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 the discretion, at any time, to modify 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

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

Aspect	Plan Rules, Offers and Comments
Measurement Period	The measurement period for the 2018 offers is the three financial years from 1 July 2017 to 30 June 2020.
Award Opportunities	The FY18 grant target award opportunity was tailored to regional practice. It varied from 100% of Fixed Remuneration for the MD/CEO, 75% for the CCO and CFO 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% 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 Sirtex'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 30 June 2018 granted in financial year 2016 were calculated on the Compound Average Growth Rate (CAGR) for earnings per share adjusted only for significant and specified, non-recurring items, and expressed in constant currency. Earnings-per-share growth is a method of tracking the ability of Sirtex 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 FY18 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 2018

Aspect	Plan Rules, Offers and Comments
Vesting Scales (continued)	

TSR Growth Rate Vesting Scale		
Earnings per Share	**Performance**	**Number of Rights to Vest**
Threshold	EPS compound growth of 10%	0%
Recognition	Above threshold but not reaching target	10% for each 1% above threshold (pro-rata)
P75 Target	EPS compound growth of 20%	100% of Target Rights (66.7% of Plan Rights)
Further Reward	Surpassing target	5% for each 1% above target up to 1.5 times entitlement

Aspect	Plan Rules, Offers and Comments
Exercise of Vested Incentive Rights	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.
Dealing Restrictions on Shares	Shares acquired when vested grants are exercised will be subject to the dealing restrictions set out in Sirtex'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 minimum holding restrictions are stipulated in the Performance Rights Plan to take effect for the FY18 and subsequent grants.
Cessation of Employment	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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Aspect	Plan Rules, Offers and Comments
Change of Control of the Company (Compulsory Acquisition)	In the event of a compulsory acquisition of Shares following a takeover bid or a scheme of arrangement, vested 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. Under the terms of the Sirtex Executive Rights Plan, the Board has discretion to determine a different treatment of any unvested Sirtex Performance Rights. On Wednesday, 1 August 2018, the Court ordered that the scheme meeting be convened, triggering these provisions. In accordance with the Sirtex Executive Rights Plan, the Board has exercised its discretion and determined that all of the FY17 and FY18 Sirtex Rights (excluding any that lapse before the Effective Date) will, subject to the scheme becoming Effective, vest with effect from 1 August 2018 (being the date that the Court ordered that the scheme meeting be convened) and, subject to those vested Sirtex Rights being exercised, will convert into Sirtex Shares and that this conversion be satisfied by way of the issue of new Sirtex Shares before the scheme Record Date to allow the relevant former holders of those Sirtex Rights to participate in the scheme. In accordance with the terms of the Sirtex Executive Rights Plan, holders of those vested Sirtex Rights may exercise those Sirtex Rights on or before 31 August 2018, failing which they will automatically lapse. If the scheme becomes Effective, Sirtex Shares issued to the holders of the vested and exercised Sirtex Rights as outlined above will be acquired by Bidco along with the other Sirtex Shares held by scheme Shareholders and the holders of those Sirtex Shares will be entitled to receive the scheme Consideration. If the scheme does not become Effective, none of the FY17 and FY18 Sirtex Rights will vest or lapse as a result of this scheme or anything connected with it (including the Court ordering that the scheme meeting be convened) and holders of Sirtex Rights will continue to hold those Sirtex Rights. Given that the CDH-CGP scheme implementation deed has been entered into, Sirtex has determined that it will not issue further Performance Rights in respect of the financial year ending 30 June 2019 (as it otherwise would). However, if the CDH-CGP scheme implementation deed is terminated for any reason, Sirtex will consider issuing Sirtex Rights to persons that otherwise would have received them in respect of the financial year ending 30 June 2019.

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 Sirtex.
- 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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 Sirtex. 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. FY18 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 Sirtex 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 2018 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. For year ended 30 June 2018, these rights were to be provided in two tranches. For the first half of the year, the NEDs received shares as calculated by: 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 2017. For the second half of the year, it was resolved the NEDs would receive the value in cash due to the scheme being in place.
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.

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3. SERVICE AGREEMENTS

On appointment to the Board, all non-executive directors enter into a service agreement with Sirtex 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. 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 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 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 K Smith	No fixed term	3 months	3 months	Up to 12 months*
Mr R Hardie	No fixed term	6 months	6 months	Up to 12 months*
Mr G Spindler	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 2018

4.1 Group Performance

The following outlines the performance of Sirtex over the 2018 financial year and the previous four financial years:

Date	Revenue $m	Profit/ (loss) after Tax $m	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) $	%
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
30-Jun-18	218.7	41.5	31.45	15.20	0.30	15.50	95.38	3.20	11.02

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-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
30-Jun-18	0.739	262.3	3.5	95.4	11.0

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

4.2 Links between Performance and Reward

4.2.1 Short-term incentive

The actual STI to be paid in relation to the 2018 financial year were accrued in the 30 June 2018 accounts. The links between performance and reward is summarised below.

STI Links

Name	Position	Objectives	Contribution to success	Measurement	% of STI Target	% of Available Paid
Mr A McLean	Managing Director & CEO	Not applicable as Sirtex is contractually bound to pay STI in full	Not applicable as Sirtex is contractually bound to pay STI in full	Not applicable as Sirtex is contractually bound to pay STI in full	100	100
Mr D Smith Mr N Lange* Mr A Dixon Dr R Teo* Mr K Smith Mr R Hardie Mr G Spindler Dr D Cade*	Executive KMP	Normalised Group EBITDA (<50% weighting)	Focus on Group Earnings, along with the CEO, to encourage teamwork and a one Company culture	Normalised Group EBITDA compared to budget	12.5 to 15.0	72
Mr D Smith Mr N Lange* Mr A Dixon Dr R Teo* Mr K Smith Mr R Hardie Mr G Spindler Dr D Cade*	Executive KMP	KPIs and other Influencing Factors (>50% weighting)	Focus on matters specific to the successful performance of roles. These include, where appropriate, dose sales,, contribution margin, DIFOT, project and audit compliance. In this way STI awards are aligned with each person's contribution to Sirtex during the year.	Quantitative KPIs were assessed against budget with the qualitative KPIs assessed against targets set at the beginning of the year and taking into account relevant circumstances	85.0 to 87.5	0 to 100

* Ceased employment during the year.

The average STI awarded for all executive KMP equated to 64% of the target amount.

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FOR THE YEAR ENDED 30 JUNE 2018

4.2.2 Long-term incentive

The LTI, being dependent on i-TSR (50%) and EPS growth (50%), 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 2018 financial year and those that were granted during the 2016 financial year:

Name	Target LTI Value (at grant) $	2016 Grant Number	i-TSR Achieved	% of i-TSR Portion Vested	EPS Achieved	% of EPS Portion Vested	% of Grant Vested	Number Vested
Mr D Smith	224,274	11,010	Not achieved	0%	14.0%	26.4%	13.2%	1,453
Mr N Lange*	409,641	20,110	Not achieved	0%	14.0%	26.4%	13.2%	2,655
Mr A Dixon	77,061	3,500	Not achieved	0%	14.0%	26.4%	13.2%	462
Mr R Hardie	208,793	10,250	Not achieved	0%	14.0%	26.4%	13.2%	1,353
Mr G Spindler	77,061	3,500	Not achieved	0%	14.0%	26.4%	13.2%	462
Total	**996,829**	**48,370**						**6,385**

* Ceased employment during the year

5. DETAILS OF REMUNERATION

5.1 Executive Remuneration

The following table outlines the remuneration received or receivable by executives of Sirtex for the 2018 and 2017 financial years, in accordance with the statutory requirements for disclosure and accounting standards:

Name	Year	Salary $	Other Benefits $	Short-term Incentive (STI)** $	% of TRP	Short-term Employee Benefits $	% of TRP	Retirement Benefits/ Super-annuation $	Termination Benefits $	Equity-settled Long-term Incentive (LTI) $	% of TRP	Total Target Remuner-ation $	Change in Accrued Leave $
Mr A McLean	2018	825,000	12,544	412,500	17	1,250,044	51	20,049	–	1,171,299	48	2,441,392	51,911
	2017	41,250	842,425^	–	–	883,675	100	1,509	–	–	–	885,184	6,198
Mr D Smith	2018	500,451	–	115,801	9	616,252	46	20,049	–	705,905	53	1,342,206	25,570
	2017	488,684	–	50,830	9	539,514	96	19,616	–	2,008	–	561,138	(10,190)
Mr N Lange*	2018	480,921	6,346	-	-	487,267	23	2,313	640,000	969,685	46	2,099,265	(22,173)
	2017	638,583	74,409	30,720	4	743,712	96	6,036	–	24,742	3	774,490	9,773
Mr A Dixon	2018	456,948	56,018	47,356	5	560,322	59	–	–	394,055	41	954,377	12,641
	2017	318,047	43,212	35,752	9	397,012	98	–	–	9,974	2	406,985	28,382
Mr R Teo*	2018	437,229	961	38,522	7	476,712	87	10,763	–	60,616	11	548,091	(11,764)
	2017	95,104	18,153	12,887	10	126,144	100	–	–	–	–	126,144	11,764
Mr K Smith	2018	312,273	1,834	175,009***	23	489,116	64	9,211	–	265,826	35	764,153	19,768
	2017	–	–	–	-	–	-	–	–	–	-	–	–
Mr R Hardie	2018	367.471	–	59,846	6	427,317	44	20,049	–	515,261	54	962,627	(15,607)
	2017	439,659	–	72,820	13	512,479	94	33,366	–	(3,292)	(1)	542,553	216
Mr G Spindler	2018	297,156	–	87,860	16	385,016	69	20,049	–	156,473	28	561,538	(2,042)
	2017	275,384	–	29,500	9	304,884	91	19,616	–	9,974	3	334,474	11,866
Dr D Cade*	2018	115,590	–	–	-	115,590	581	5,166	–	(100,844)	(506)	19,912	(81,576)
	2017	466,983	–	49,875	9	516,858	94	31,767	–	1,310	-	549,935	28,665
Total	**2018**	**3,793,039**	**77,703**	**936,894**	**10**	**4,807,636**	**50**	**107,649**	**640,000**	**4,138,276**	**43**	**9,693,561**	**(23,272)**
	2017	**2,763,694**	**978,199**	**282,384**	**7**	**4,024,277**	**96**	**111,910**	**–**	**44,716**	**1**	**4,180,903**	**86,674**

* Ceased employment during the year.

** STI figures included in the table represent STIs received or receivable for the financial years presented.

*** Made up of FY18 bonus and sign-on bonus.

^ Made up of relocation allowance and sign-on bonus.

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The following table outlines the LTIs granted to executive KMP during the financial year ended 30 June 2018 subject to TSR vesting criteria. The LTIs will vest over three years.

Name	Grant date	Number granted	Value per right at grant date	Value of rights at grant date	Number vested	Exercise price $	First exercise date	Last exercise date
Mr A McLean	11-Nov-2017	51,362	9.545	490,246	-	-	1-Aug-18**	31-Aug-18***
Mr D Smith	11-Nov-2017	19,443	9.545	185,583	-	-	1-Aug-18**	31-Aug-18***
Mr N Lange*	11-Nov-2017	25,401	9.545	242,448	-	-	1-Aug-18**	31-Aug-18***
Mr A Dixon	11-Nov-2017	14,406	9.545	137,505	-	-	1-Aug-18**	31-Aug-18***
Mr R Teo*	11-Nov-2017	2,658	9.545	25,371	-	-	1-Aug-18**	31-Aug-18***
Mr K Smith	11-Nov-2017	11,657	9.545	111,261	-	-	1-Aug-18**	31-Aug-18***
Mr R Hardie	11-Nov-2017	13,269	9.545	126,653	-	-	1-Aug-18**	31-Aug-18***
Mr G Spindler	11-Nov-2017	3,762	9.545	35,908	-	-	1-Aug-18**	31-Aug-18***
Dr D Cade*	–	-	-	-	-	-	-	-
Total		**141,958**		**1,354,975**	**-**	**-**		

* Ceased employment during the year.
**Due to corporate control event, refer to note 21
***Due to corporate control event, refer to note 21

The following table outlines the LTIs granted to executive KMP during the financial year ended 30 June 2018 subject to EPS vesting criteria. The LTIs will vest over three years.

Name	Grant date	Number granted	Value per right at grant date	Value of rights at grant date	Number vested	Exercise price $	First exercise date	Last exercise date
Mr A McLean	11-Nov-2017	51,362	13.26	681,053	-	-	1-Aug-18**	31-Aug-18***
Mr D Smith	11-Nov-2017	19,443	13.26	257,814	-	-	1-Aug-18**	31-Aug-18***
Mr N Lange*	11-Nov-2017	25,401	13.26	336,811	-	-	1-Aug-18**	31-Aug-18***
Mr A Dixon	11-Nov-2017	14,406	13.26	191,024	-	-	1-Aug-18**	31-Aug-18***
Mr R Teo*	11-Nov-2017	2,658	13.26	35,245	-	-	1-Aug-18**	31-Aug-18***
Mr K Smith	11-Nov-2017	11,657	13.26	154,565	-	-	1-Aug-18**	31-Aug-18***
Mr R Hardie	11-Nov-2017	13,269	13.26	175,947	-	-	1-Aug-18**	31-Aug-18***
Mr G Spindler	11-Nov-2017	3,762	13.26	49,884	-	-	1-Aug-18**	31-Aug-18***
Dr D Cade*	–	-	-	-	-	-	-	-
Total		**141,958**		**1,882,343**	**-**	**-**		

* Ceased employment during the year.
** Due to corporate control event, refer to note 21
*** Due to corporate control event, refer to note 21

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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 2017		Granted during year		Lapsed		Forfeited		Rights Held at 30 June 2018	
	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $
Mr A McLean	-	-	102,723	1,171,299	-	-	-	-	102,723	1,171,299
Mr D Smith	47,865	574,270	38,886	443,398	17,000	160,480	-	-	69,751	857,188
Mr N Lange*	63,236	819,494	50,801	579,258	17,000	160,480	-	-	97,037	1,238,272
Mr A Dixon	10,576	144,244	28,812	328,529	3,400	32,096	-	-	35,988	440,677
Mr R Teo*	-	-	5,316	60,616	-	-	-	-	5,316	60,616
Mr K Smith	-	-	23,313	265,826	-	-	-	-	23,313	265,826
Mr R Hardie	42,122	511,226	26,538	302,600	17,000	160,480	-	-	51,660	653,346
Mr G Spindler	11,116	149,399	7,524	85,792	3,400	32,096	-	-	15,240	203,095
Dr D Cade*	47,282	566,432	-	-	17,000	160,480	30,282	405,952	-	-
Total	222,197	2,765,065	283,913	3,237,318	74,800	706,112	30,282	405,952	401,028	4,890,319

* Ceased employment during the 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 D Smith	-	-	-	-	-
Mr N Lange*	-	-	-	-	-
Mr A Dixon	-	-	-	-	-
Mr R Teo*	-	-	-	-	-
Mr K Smith	-	-	-	-	-
Mr R Hardie	-	-	-	-	-
Mr G Spindler	-	-	-	-	-
Dr D Cade*	27,968	-	-	27,968	-
Total	27,968	-	-	27,968	-

* Ceased employment during the 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 2018

5.3 Non-Executive Director Remuneration

The following table outlines the remuneration received by non-executive directors of Sirtex during the 2018 and 2017 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 $
Dr J Eady	2018	141,728	20,000	24,559	–	19,939	206,226
	2017	113,051	20,000	34,759	–	36,028	203,838
Mr G Boyce	2018	133,032	20,000	–	–	15,958	168,990
	2017	118,250	20,000	–	–	28,817	167,067
Mr R Hill	2018	77,267	–	–	–	31,915	109,182
	2017	236,500	–	–	–	57,635	294,135
Ms H Kurincic	2018	109,301	–	–	–	9,588	118,889
	2017	–	–	–	–	–	–
Mr N Mitchell	2018	122,772	11,886	10,259	–	20,085	165,002
	2017	24,261	–	2,305	–	–	26,566
Dr K Woodthorpe	2018	133,032	20,000	–	–	15,958	168,990
	2017	118,250	20,000	–	–	28,817	167,067
Total	2018	717,132	71,886	34,818	–	113,443	937,279
	2017	610,312	60,000	37,064	–	151,297	858,673

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 2017		Granted during year		Forfeited		Exercised		Rights Held at 30 June 2018	
	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $	Number	Value at Grant $
Dr J Eady	–	–	1,227	19,939	–	–	1,227	19,939	–	–
Mr G Boyce	–	–	982	15,958	–	–	982	15,958	–	–
Mr R Hill	–	–	1,964	31,915	–	–	1,964	31,915	–	–
Ms H Kurincic	–	–	590	9,588	–	–	590	9,588	–	–
Mr N Mitchell	–	–	1,236*	20,085	–	–	1,236	20,085	–	–
Dr K Woodthorpe	–	–	982	15,958	–	–	982	15,958	–	–
Total	–	–	6,981	113,443	–	–	6,981	113,443	–	–

* Includes prorata FY17 rights

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	Purchased on market during the year	Issued on exercise of Rights*	Disposals	Balance at end of year
Dr J Eady	10,546	–	1,227	–	11,773
Mr G Boyce	9,436	–	982	–	10,418
Mr R Hill	11,871	–	1,964	–	13,835
Ms H Kurincic	–	–	590	–	590
Mr N Mitchell	3,000	6,000	1,236	–	10,236
Dr K Woodthorpe	1,778	2,000	982	–	4,760
Total	36,631	8,000	6,981	–	51,612

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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 2017	% of grant	Value expensed in 2018	% of grant
Mr A McLean	24-Nov-17	1,171,299	-	-	1,171,299	100
Mr D Smith	23-Sep-14	67,745	(34,854)	(51)	-	-
	01-Sep-15	175,791	27,717	12	88,137	50
	21-Dec-16	189,516	15,146	8	174,370	92
	24-Nov-17	443,398	-	-	443,398	100
Mr N Lange*	23-Sep-14	67,745	(34,854)	(51)	-	-
	01-Sep-15	321,087	39,667	12	160,984	50
	21-Dec-16	249,373	19,929	8	229,443	92
	24-Nov-17	579,258	-	-	579,258	100
Mr A Dixon	23-Sep-14	13,549	(6,971)	(51)	-	-
	04-Feb-16	60,373	14,178	23	33,206	55
	21-Dec-16	35,087	2,767	8	32,321	92
	24-Nov-17	328,529	-	-	328,529	100
Mr R Teo*	24-Nov-17	60,616	-	-	60,616	100
Mr K Smith	24-Nov-17	265,826	-	-	265,826	100
Mr R Hardie	23-Sep-14	67,745	(34,854)	(51)	-	-
	01-Sep-15	163,657	20,218	12	82,053	50
	21-Dec-16	141,953	11,345	8	130,609	92
	24-Nov-17	302,600	-	-	302,600	100
Mr G Spindler	23-Sep-14	13,549	(6,971)	(51)	-	-
	04-Sep-16	60,373	14,178	23	33,206	55
	21-Dec-16	40,242	2,767	7	37,475	93
	24-Nov-17	85,792	-	-	85,792	100
Dr D Cade*	23-Sep-14	67,745	(34,854)	(51)	-	-
	01-Sep-15	132,894	21,303	16	(85,983)	(65)
	21-Dec-16	49,192	14,861	30	(14,861)	(30)
Total		5,154,934	44,716		4,138,277	

* Ceased employment during the year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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

Name	Grant date	Total value $	Value expensed in 2018	% of grant
Dr J Eady	01-Jul-17	19,939	19,939	100
Mr G Boyce	01-Jul-17	15,958	15,958	100
Mr R Hill	01-Jul-17	31,915	31,915	100
Ms H Kurincic	13-Sep-17	9,588	9,588	100
Mr N Mitchell	01-Jul-17	20,085	20,085	100
Dr K Woodthorpe	01-Jul-17	15,958	15,958	100
Total		113,443	113,443	

6. ADDITIONAL INFORMATION

6.1 Loans to Key Management Personnel

At 30 June 2018, $nil (2017: $2,531,294) was payable to key management personnel. At 30 June 2018, $1,774 (2017: $1,486) 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 (2017: 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.

Sirtex 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	$6,000

The fee covered advice on taxation treatment of Rights retained post termination of employment, review of the Remuneration Committee's performance, advice on disposal restrictions applicable to shares acquired on exercise of Rights and review of updated Rules of equity plans.

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 2018

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.

Andrew McLean
Director
29 August 2018

AUDITOR'S INDEPENDENCE DECLARATION

GrantThornton

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Sydney NSW 2000

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Auditor's Independence Declaration

To the Directors of Sirtex Medical Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Sirtex Medical Limited for the year ended 30 June 2018, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

LWorsley.

L M Worsley
Partner – Audit & Assurance

Sydney, 29 August 2018

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 30 to 67 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 2018 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 Sirtex 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.

Andrew McLean
Director
Sydney, 29 August 2018

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

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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 2018, 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 2018 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 auditor 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
Accounting considerations arising from the Group entering into a binding Scheme Implementation Deed with CDH Genetech and China Grand Pharma (Notes 7,12,15,21,27)	
On 14 June 2018, Sirtex announced they had entered into a binding Scheme Implementation Deed with CDH Genetech and China Grand Pharma ('CDH') for the acquisition of all of the shares in the Group by way of a Scheme of Arrangement ('the Scheme'). On 1 August 2018 the Federal Court of Australia made orders approving the dispatch of the scheme booklet in respect of the Scheme and has ordered the meeting of the shareholders be convened to vote on the Scheme on 10 September 2018. Given the pervasive nature and the significance of the impact of the proposed acquisition to the Group's operations, we deemed the accounting for this transaction and the related disclosures in the financial statements to be a key audit matter.	Our procedures included, amongst others: • Reviewing the Scheme Implementation Deed to gain an understanding of the terms and conditions and ensuring that appropriate accounting considerations have been made by management; • Reviewing management's position papers on the recognition of any assets or liabilities related to the acquisition and assessing their position against accounting standards; • Considering the completeness of liabilities related to the transaction by discussing with management and reviewing fee arrangements with service providers used by management as a result of the Scheme; • Reviewing subsequent events and disclosures made in the financial statements to ensure it is in accordance with accounting standards; • Assessing the Executive Rights Plan Rules and specifically considering the impact of the Scheme in relation to the accounting for performance rights on issue as at 30 June 2018; and • Reviewing relevant disclosures in the financial statements.
Income taxes (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. 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: • Obtaining copies of management's tax calculations for 30 June 2018 that were reviewed by management's expert; • Evaluating the qualifications of management's expert in order to assess their professional competence and capabilities as they relate to the work undertaken; • Agreeing significant inputs in the tax calculations to supporting documentation; • Engaging our taxation specialists in Australia and the US to review management's tax calculations for reasonableness and compliance with the relevant tax legislation and accounting policies; • Evaluating management's processes and controls to determine if they appropriately address the risks; and • Reviewing relevant disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

GrantThornton

Share based payments (Note 21)	
The Group recorded a share based payment expense of \$8,084,734. During the year the Group granted 489,524 Executive Performance Rights to key management personnel and senior management. Furthermore the Scheme with CDH had a significant impact on how some of the performance rights on issue were accounted for in accordance with accounting standards, in particular, accelerating the share based payment expense in respect of the FY17 and FY18 performance rights. For rights granted during the year, management determined the fair value of the rights using a Monte Carlo Simulation Model and Binomial option pricing model at the date of issue. A number of estimates and judgements are involved relating to the terms of vesting conditions, and the probability of performance criteria being achieved. This area is a key audit matter due to 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, as well as the judgement involved in considering the appropriate vesting periods to apply as it relates to the Scheme.	Our procedures included, amongst others: For performance rights issued during the year: • Evaluating management's processes and controls to determine if they appropriately addressed the risks; • Engaging our valuation specialists to review the methodology, approach, assumptions and outputs used in the valuation models; • Evaluating the qualifications of management's expert in order to assess their professional competence and capabilities as they relate to the work undertaken; • Verifying the mathematical accuracy of the valuation provided by management from the valuation models; and • Reviewing relevant disclosures in the financial statements. For performance rights issued in previous financial years: • Evaluating management's assessment of the vesting of the FY16 rights in accordance with the plan rules; • Evaluating the appropriateness of management's judgement that it was probable as at 30 June 2018 that the corporate control event clause in the Sirtex Executive Rights Plan Scheme will be triggered as a result of the Scheme. • In relation to the FY17 and FY18 performance rights verifying the accuracy and appropriateness of the acceleration of the vesting period to 1 August 2018; • Determining that appropriate accounting has been applied in respect of lapsed performance rights; and • Reviewing relevant disclosures in the financial statements.

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 2018, 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.

INDEPENDENT AUDITOR'S REPORT

In preparing the financial report, the Directors are responsible for assessing the Group's ability 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.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 23 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Sirtex Medical Limited, for the year ended 30 June 2018 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

LWorsley.

L M Worsley
Partner – Audit & Assurance

Sydney, 29 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Revenue from the sale of goods	2 (a)	218,735	234,282
Cost of sales	3	(37,570)	(38,395)
Gross profit		**181,165**	**195,887**
Other revenue	2 (b)	2,002	2,645
Other income	2 (c)	1,176	169
Marketing expenses		(74,404)	(89,281)
Research expenses		(2,228)	(10,558)
Regulatory expenses		(1,804)	(2,370)
Clinical trial expenses		(7,991)	(11,771)
Medical expenses		(10,551)	(7,660)
Administration expenses		(25,508)	(22,515)
Impairment of intangible assets	12	-	(90,541)
Other expenses		(2,586)	(4,959)
Profit/(loss) before income tax	3	**59,271**	**(40,954)**
Income tax (expense)/benefit	4	(17,802)	14,697
Profit/(loss) for the year		**41,469**	**(26,257)**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (net of tax) of foreign operations		4,105	(713)
Total comprehensive income/(loss) for the year attributable to members of the parent entity		**45,574**	**(26,970)**

Earnings per share		**Cents**	**Cents**
Basic earnings/(loss) per share	18	73.9	(45.5)
Diluted earnings/(loss) per share	18	73.0	(45.5)
Dividends per Share	19	30.0	30.0

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Assets			
Current Assets			
Cash and cash equivalents	5	69,896	50,349
Other short-term deposits	6	58,000	68,000
Trade and other receivables	7	52,746	36,976
Inventories	8	2,781	1,993
Other financial assets	9	2,084	1,575
Other current assets	10(a)	4,094	3,583
Total - Current Assets		**189,601**	**162,476**
Non-Current Assets			
Property, plant and equipment	11	10,642	12,045
Intangible assets	12	8,258	9,436
Deferred tax assets	4.1(a)	15,681	10,165
Other non-current assets	10(b)	1,362	-
Total - Non-Current Assets		**35,943**	**31,646**
Total Assets		**225,544**	**194,122**
Liabilities			
Current Liabilities			
Trade and other payables	13	37,317	26,433
Current tax liabilities	4.1(c)	17,831	8,412
Short-term provisions	14(a)	9,897	7,972
Total - Current Liabilities		**65,045**	**42,817**
Non-Current Liabilities			
Long-term provisions	14(b)	1,084	919
Deferred tax liabilities	4.1(b)	238	919
Total - Non-Current Liabilities		**1,322**	**1,838**
Total Liabilities		**66,367**	**44,655**
Net Assets		**159,177**	**149,467**
Equity			
Issued capital	16	7,842	34,792
Reserves	17	13,601	3,257
Retained earnings		137,734	111,418
Total - Equity		**159,177**	**149,467**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Ordinary Shares $'000	Share Rights Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Total $'000
Consolidated Entity					
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**
Foreign currency translation reserve	-	-	4,105	-	4,105
Profit attributable to members of parent entity	-	-	-	41,469	41,469
Total comprehensive income for the year attributable to the members of the parent entity	**-**	**-**	**4,105**	**41,469**	**45,574**
Ordinary shares issued	160	(160)	-	-	-
Forfeited rights	-	(1,573)	-	1,573	-
Exercise of Non-Executive Directors shares	113	(113)	-	-	-
Purchase of Non-Executive Directors' shares on market	(96)	-	-	-	(96)
Contribution to performance reserve	-	8,085	-	-	8,085
Share buy-back	(27,127)	-	-	-	(27,127)
Dividends paid or provided for	-	-	-	(16,726)	(16,726)
Total transactions with owners	**(26,950)**	**6,239**	**-**	**(15,153)**	**(35,864)**
Balance at 30 June 2018	**7,842**	**8,205**	**5,396**	**137,734**	**159,177**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Cash flows from operating activities			
Receipts from customers		219,280	239,375
Payments to suppliers and employees		(150,851)	(177,823)
Interest received		2,171	2,611
Net income tax paid		(14,581)	(8,191)
Net cash provided by operating activities	**5 (b)**	**56,019**	**55,972**
Cash flows from investing activities			
Utilisation of other short-term deposits		10,000	18,000
Proceeds from plant and equipment		-	-
Purchase of plant and equipment		(673)	(1,239)
Purchase of intangible assets		(122)	(21,701)
Net cash used by investing activities		**9,205**	**(4,940)**
Cash flows from financing activities			
Share buy-back		(27,127)	(2,873)
Payment of dividends		(16,726)	(17,306)
Net cash used by financing activities		**(43,853)**	**(20,179)**
Net increase in cash held		**21,371**	**30,853**
Cash and cash equivalents at beginning of financial year		**50,349**	**21,025**
Effect of exchange rate fluctuations on cash held		**(1,824)**	**(1,529)**
Cash and cash equivalents at end of financial year	**5 (a)**	**69,896**	**50,349**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 2018 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 29 August 2018.

(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 15 – Contingent Liabilities

Note 21 – Share-based Payments

Note 27 – Events after Reporting Date

(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 consolidated 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 2018

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 Sirtex.

(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 2018

1. BASIS OF PREPARATION (CONTINUED)

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.

Management has performed an initial assessment of the financial impact of AASB 16 on Sirtex based on leases in effect at 30 June 2018. For the year ended 30 June 2018, the adoption of the Standard is not expected to have a material impact on retained earnings (<1%). The impact to the consolidated statement of financial position as at 30 June 2018 will result in an increase in assets, and an increase in liabilities.

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

Management have performed an initial assessment of the impact of AASB 15. Based on this assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements as at 30 June 2018 and when it is first adopted for the year ending 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated	
	2018 $'000	**2017 $'000**
2. REVENUE AND OTHER INCOME		
(a) Revenue from the sale of goods	**218,735**	**234,282**
(b) Other revenue		
Interest income from financial institutions	2,002	2,645
	2,002	**2,645**
(c) Other income		
Other	1,176	169
	1,176	**169**

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 Sirtex has transferred the significant risks and rewards of ownership to the buyer. This is recognised globally as the date of delivery of goods to the customer.

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

	Consolidated	
	2018 $'000	**2017 $'000**
3. PROFIT FOR THE YEAR		
Profit before income tax includes the following:		
Cost of sales	37,570	38,395
Employee benefits expense		
Superannuation contributions	2,705	2,788
Share-based payment rights expense	8,085	1,667
Other employee benefits expense	61,915	71,706
Depreciation and amortisation of		
Plant and equipment	2,076	2,371
Intangible assets	1,300	4,545
Operating lease expenses		
Minimum lease payments	2,737	2,642
Other expenses		
Impairment of intangible assets	-	90,541
Impairment of property, plant and equipment	-	637
Onerous lease provision	408	626
Varian break fee	15,835	-
CDH-CGP break fee reimbursement	(15,835)	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3. PROFIT FOR THE YEAR (CONTINUED)

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 Sirtex expects to pay as at reporting date including related on costs, such as workers' compensation insurance and payroll tax. Employee benefits expected to be settled beyond 12 months are carried at the present value of the estimated future cash flows.

Long service leave

The provision for 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

Sirtex contributes to various employee superannuation plans. Sirtex 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

Sirtex 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.

Other Expenses

On 14 June 2018 Sirtex announced the Termination of the Varian scheme and the entering into a binding scheme implementation deed with CDH Genetech Limited and China Grand Pharmaceutical and Healthcare Holdings Limited for the acquisition of all of the shares in Sirtex for A$33.60 per share, by way of a scheme of arrangement. Sirtex moved to terminate the Varian scheme implementation deed and applied to the Court for orders to cancel the scheme meeting in respect of the Varian scheme. Sirtex was required to pay a break fee to Varian of approximately A$15.8 million as a result of the Sirtex Board supporting the CDH-CGP scheme. CDH and CGP agreed to indemnify Sirtex against this break fee in the CDH-CGP scheme implementation deed.

Reclassification of Quality Assurance expenses

Management have assessed Quality Assurance expenses to be an indirect cost of production. The expense is included within cost of sales. Comparative figures have been adjusted to conform to changes in presentation for the current and prior financial periods. There is no impact on prior period profit before income tax expenses. The categories affected by this reclassification are as follows:

	2018 $'000	2017 (restated) $'000	2017 (previously reported) $'000
Cost of sales	(37,570)	(38,395)	(36,177)
Gross profit	181,165	195,887	198,105
Quality assurance expenses	-	-	(2,218)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated 2018 $'000	Consolidated 2017 $'000
4. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
Current tax	24,500	11,391
Deferred tax	(6,197)	(26,185)
(Over)/under provision in respect of prior years (permanent and timing)	(501)	97
	17,802	(14,697)
(b) Prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Net profit before tax	59,271	(40,954)
Prima facie tax payable on profit from ordinary activities before income tax at 30%	17,781	(12,286)
Add/(less): Tax effect of		
– Non-deductible amortisation	-	45
– Non-deductible expenses	2,753	3,146
– Non-assessable income	(1,889)	(3,439)
– Over-provision in respect of prior years (permanent)	(222)	558
Effect of (lower)/higher tax rates on overseas income	(505)	(2,221)
Effect of Foreign Currency translation of tax balances	(77)	225
Recognition of tax losses not previously brought to account	-	(770)
Eliminations for the tax consolidated group	-	45
Other	(39)	-
Income tax attributable to entity	**17,802**	**(14,697)**
The applicable weighted average effect tax rates are as follows	30.0%	35.5%

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 2018

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.

Sirtex 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	**2018 $'000**	**2017 $'000**
Income tax expense on profit before income tax	17,802	(14,697)
Timing differences recognised in deferred tax	6,698	26,088
Effect of tax rate in foreign jurisdictions	(505)	(2,221)
Current tax instalments payable next year	(7,961)	(2,706)
Prior year tax instalments paid this year	(1,453)	1,727
Cash taxes paid per statement of cash flows	**14,581**	**8,191**

(d) Sirtex Medical Limited's Australian tax consolidated group - numerical reconciliation between income tax expense and profit before income tax	**2018 $'000**	**2017 $'000**
Profit before income tax (excluding dividends from wholly owned foreign subsidiaries)	**41,831**	**(75,487)**
Add: Dividends from wholly owned foreign subsidiaries	12,664	24,546
Profit before income tax	**54,495**	**(50,941)**
Tax at the Australian tax rate of 30%	16,349	(15,282)
Add/(less): Tax effect of		
Non-deductible amortisation	-	45
Other non-deductible expenses	4	9
Research and development allowances	(83)	(806)
Exempt foreign sourced dividends from wholly owned subsidiaries	(3,799)	(7,364)
	12,471	**(23,398)**
Adjustment for prior years	(598)	98
Income tax expense on profit before income tax	**11,873**	**(23,300)**

4.1 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

	2018 $'000	**2017 $'000**
(a) Deferred tax assets		
Tax losses revenue	1,859	2,031
Timing differences attributable to:		
Fixed Assets	1,318	1,034
Employee provisions	3,273	2,340
Unrealised foreign exchange losses	1,116	11
Other*	8,115	4,749
	15,681	**10,165**
*Other includes the following major components:		
Executive Performance rights	2,383	1,092
AMT credit (US)	57	74
Non-amortised patent costs	582	430
Business capital expenditure (sec 40-880)	4,535	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

4.1 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	2018 $'000	2017 $'000
(a) Deferred tax assets		
The movement in tax losses is as follows:		
Opening balance	2,031	1,166
(Debit)/credit to the statement of profit or loss and other comprehensive income	(172)	770
Credit to equity	-	95
Closing balance	**1,859**	**2,031**
The movement in fixed assets is as follows:		
Opening balance	1,034	1,053
Credit/(debit) to the statement of profit or loss and other comprehensive income	284	(19)
Closing balance	**1,318**	**1,034**
The movement in employee provisions is as follows:		
Opening balance	2,340	2,469
Credit/(debit) to the statement of profit or loss and other comprehensive income	933	(129)
Credit/(debit) to equity	-	-
Closing balance	**3,273**	**2,340**
The movement in unrealised FX is as follows:		
Opening balance	11	268
Credit/(debit) to the statement of profit or loss and other comprehensive income	1,105	(257)
Closing balance	**1,116**	**11**
The movement in other deferred tax asset is as follows:		
Opening balance	4,749	2,840
Credit to the statement of profit or loss and other comprehensive income	3,366	1,909
Credit to equity	-	-
Closing balance	**8,115**	**4,749**
The overall movement in the deferred tax account is as follows:		
Opening balance	10,165	7,795
Credit to the statement of profit or loss and other comprehensive income	5,516	2,275
Credit to equity	-	95
Closing balance	**15,681**	**10,165**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

4.1 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	2018 $'000	2017 $'000
(b) Deferred tax liabilities		
Timing differences attributable to:		
Capitalisation of development expenditure	-	-
Fixed assets	109	134
Other	129	785
	238	**919**
The movement in the capitalisation of development expenditure is as follows:		
Opening balance	-	22,846
(Credit) to the statement of profit or loss and other comprehensive income	-	(22,846)
Closing balance	**-**	**-**
The movement in the fixed assets is as follows:		
Opening balance	134	945
(Credit) to the statement of profit or loss and other comprehensive income	(25)	(812)
Debit to equity	-	1
Closing balance	**109**	**134**
The movement in other is as follows:		
Opening balance	786	931
(Credit) to the statement of profit or loss and other comprehensive income	(656)	(145)
Debit to equity	-	-
Closing balance	**130**	**786**
The overall movement in the deferred tax account is as follows:		
Opening balance	919	24,722
(Credit) to the statement of profit or loss and other comprehensive income	(681)	(23,804)
Debit to equity	-	1
Closing balance	**238**	**919**

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 $17,831,000 (2017: $8,412,000) 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 2018

	Consolidated 2018 $'000	Consolidated 2017 $'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	49,896	36,349
Short-term deposits with financial institutions	20,000	14,000
	69,896	**50,349**
Short-term deposits are term deposits with maturity date of less than 90 days. The effective interest rate on short-term deposits was 2.34% (2017: 2.78%). These deposits have an average maturity of 55 days as at 30 June 2018 (2017: 31 days).		
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	**41,469**	**(26,257)**
Non-cash flows in profit:		
Depreciation and amortisation	3,376	6,916
Loss on disposal of plant & equipment	7	205
Impairment of internally generated intangibles	-	90,541
Impairment of property, plant and equipment	-	637
Onerous lease provision	(218)	626
Share rights reserve	8,085	1,667
Net foreign exchange differences	5,428	1,604
Changes in net assets and liabilities		
(Increase)/decrease in assets		
Trade receivables	(614)	4,924
Other receivables	(15,155)	373
Inventories	(788)	(74)
Other current assets	(1,020)	740
Other non-current assets	(1,362)	-
Deferred tax assets	(5,515)	(2,371)
Increase/(decrease) in liabilities		
Payables	10,884	(2,746)
Current tax liabilities	9,418	1,173
Short-term provisions	1,925	962
Other current liabilities	616	1,088
Long-term provisions	165	(234)
Deferred tax liabilities	(682)	(23,802)
Net cash flow from operating activities	**56,019**	**55,972**

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 2018

	Consolidated 2018 $'000	Consolidated 2017 $'000
6. OTHER SHORT-TERM DEPOSITS		
Other short-term deposits with financial institutions	58,000	68,000
	58,000	**68,000**

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 2018 of these term deposits is 180 days (2017: 175 days). The effective interest rate on the deposits is 2.72% (2017: 2.78%).

	Consolidated 2018 $'000	Consolidated 2017 $'000
7. TRADE AND OTHER RECEIVABLES		
(a) Trade receivables		
Trade receivables	36,417	37,474
Provision for impairment	(834)	(2,505)
	35,583	**34,969**
(b) Other receivables		
GST receivables	307	816
Other receivables	1,021	1,191
CDH-CGP break fee reimbursement	15,835	-
	17,163	**2,007**
	52,746	**36,976**

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 2018				
Trade receivables	(2,505)	(98)	1,769	(834)
30 June 2017				
Trade receivables	(260)	(3,566)	1,321	(2,505)

Trade receivables past due but not impaired

	Consolidated 2018 $'000	Consolidated 2017 $'000
Less than 30 days overdue	8,142	6,928
30 - 60 days overdue	2,764	2,850
More than 60 days overdue	1,140	2,302
	12,046	**12,080**

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 2018

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk

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

	Consolidated	
	2018 $'000	2017 $'000
8. INVENTORIES		
Raw materials - at cost	2,781	1,993
	2,781	**1,993**

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	
	2018 $'000	2017 $'000
9. OTHER FINANCIAL ASSETS		
Other current financial assets:		
Security deposits paid	2,084	1,575
	2,084	**1,575**

	Consolidated	
	2018 $'000	2017 $'000
10. OTHER ASSETS		
(a) Other current assets		
Prepayments	4,094	3,583
	4,094	**3,583**
(b) Other non-current assets		
Deferred compensation asset	1,362	-
	1,362	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated	
	2018 $'000	2017 $'000
11. PROPERTY, PLANT AND EQUIPMENT		
Buildings		
At cost	1,304	1,304
Accumulated depreciation	(651)	(595)
Net carrying amount	**653**	**709**
Plant and equipment		
At cost	20,730	21,788
Accumulated depreciation	(10,741)	(9,815)
Accumulated impairment loss	-	(637)
Net carrying amount	**9,989**	**11,336**
Asset work in progress		
At cost	-	-
Accumulated depreciation	-	-
Net carrying amount	**-**	**-**
Total property, plant and equipment		
At cost	22,034	23,092
Accumulated depreciation	(11,392)	(10,410)
Accumulated impairment loss	-	(637)
Net carrying amount	**10,642**	**12,045**
Movements in carrying amounts		
Buildings		
Carrying amount at beginning	709	781
Additions	-	-
Depreciation expense	(56)	(72)
Carrying amount at end	**653**	**709**
Plant and equipment		
Carrying amount at beginning	11,336	10,951
Additions	684	3,494
Disposals	(11)	(173)
Depreciation expense	(2,020)	(2,299)
Impairment loss	-	(637)
Carrying amount at end	**9,989**	**11,336**
Asset work in progress		
Carrying amount at beginning	-	2,255
Additions	-	-
Disposals/Transfers	-	(2,255)
Carrying amount at end	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated	
	2018 $'000	2017 $'000
11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Total property, plant and equipment		
Carrying amount at beginning	12,045	13,987
Additions	684	1,239
Disposals	(11)	(173)
Depreciation expense	(2,076)	(2,371)
Impairment loss	-	(637)
Carrying amount at end	**10,642**	**12,045**

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 Sirtex 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 Sirtex 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 2018

	Consolidated	
	2018 $'000	**2017 $'000**
12. INTANGIBLE ASSETS		
Software		
At cost	11,808	12,372
Accumulated amortisation	(3,907)	(2,936)
Net carrying amount	**7,901**	**9,436**
Internally generated intangibles		
At cost	96,977	96,977
Accumulated amortisation	(6,436)	(6,436)
Accumulated impairment loss	(90,541)	(90,541)
Net carrying amount	**-**	**-**
Intellectual property		
At cost	3,999	3,607
Accumulated amortisation	(3,642)	(3,607)
Net carrying amount	**357**	**-**
Total Intangible assets		
At cost	112,784	112,956
Accumulated amortisation	(13,985)	(12,979)
Accumulated impairment loss	(90,541)	(90,541)
Net carrying amount	**8,258**	**9,436**
Movements in carrying amounts		
Software		
Carrying amount at beginning	9,436	2,399
Additions	-	13
Disposals	(268)	-
Transfers in from work in progress	-	8,240
Amortisation expense	(1,267)	(1,216)
Carrying amount at end	**7,901**	**9,436**
Internally generated intangibles		
Carrying amount at beginning	-	76,153
Additions	-	17,566
Amortisation expense	-	(3,178)
Impairment loss	-	(90,541)
Carrying amount at end	**-**	**-**
Intellectual property		
Carrying amount at beginning	-	151
Additions	390	-
Disposals	-	-
Amortisation expense	(33)	(151)
Impairment loss	-	-
Carrying amount at end	**357**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated	
	2018 $'000	2017 $'000
12. INTANGIBLE ASSETS (CONTINUED)		
Asset work in progress		
Carrying amount at beginning	-	4,118
Additions	-	4,122
Transfers	-	(8,240)
Amortisation expense	-	-
Impairment loss	-	-
Carrying amount at end	**-**	**-**
Total intangible assets		
Carrying amount at beginning	9,436	82,821
Additions	390	21,701
Disposals	(268)	-
Amortisation expense	(1,300)	(4,545)
Impairment loss	-	(90,541)
Carrying amount at end	**8,258**	**9,436**

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

Sirtex 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.

During the 12 months to 30 June 2018, none of the clinical trials met the criteria of AASB138. All prior clinical & R&D intangible assets were impaired at the end of 30 June 2017. Amortisation expense was $nil during the year (2017: $3,178,141).

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.

Sirtex 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 Sirtex'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 2018

12. INTANGIBLE ASSETS (CONTINUED)

Amortisation

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

	Consolidated 2018 $'000	Consolidated 2017 $'000
13. TRADE AND OTHER PAYABLES		
Trade payables	12,968	13,550
Other payables	8,514	12,883
Varian break fee payable	15,835	-
	37,317	**26,433**
14. PROVISIONS		
(a) Short-term Provisions		
Provision for long service leave	175	390
Provision for clinical studies	2,314	3,514
Provision for medical studies	2,990	-
Redundancy provision	-	2,704
Onerous lease provision	408	626
Miscellaneous provisions	4,010	738
	9,897	**7,972**
(b) Long-term Provisions		
Provision for long service leave	376	513
Miscellaneous provisions	708	406
	1,084	**919**
The overall movement in the short-term provision for long service leave account is as follows:		
Opening balance	390	463
Additional provisions for the year	138	216
Amounts used during the year	(353)	(289)
Closing balance	**175**	**390**
The overall movement in the short-term provision for clinical studies account is as follows:		
Opening balance	3,514	1,940
Additional provisions for the year	5,607	7,442
Amounts used during the year	(6,807)	(5,868)
Closing balance	**2,314**	**3,514**
The overall movement in the short-term provision for medical studies account is as follows:		
Opening balance	-	-
Additional provisions for the year	3,536	-
Amounts used during the year	(546)	-
Closing balance	**2,990**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated	
	2018 $'000	2017 $'000
14. PROVISIONS (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	-	-
Amounts used during the year	-	(1,389)
Closing balance	**-**	**-**
The overall movement in the short-term provision for redundancy provision account is as follows:		
Opening balance	2,704	-
Additional provisions for the year	-	2,704
Amounts used during the year	(2,704)	-
Closing balance	**-**	**2,704**
The overall movement in the onerous lease provision account is as follows:		
Opening balance	626	-
Additional provisions for the year	-	626
Amounts used during the year	(218)	-
Closing balance	**408**	**626**
The overall movement in the short-term miscellaneous provision account is as follows:		
Opening balance	738	3,217
Additional provisions for the year	30,598	22,748
Amounts used during the year	(27,326)	(25,227)
Closing balance	**4,010**	**738**
The overall movement in the long-term for long service leave provision account is as follows:		
Opening balance	513	671
Additional provisions for the year	51	3
Amounts used during the year	(188)	(161)
Closing balance	**376**	**513**
The overall movement in the long-term miscellaneous provision account is as follows:		
Opening balance	406	482
Additional provisions for the year	1,050	58
Amounts used during the year	(748)	(134)
Closing balance	**708**	**406**

Provisions are recognised when Sirtex 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 2018

14. PROVISIONS (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.

Clinical and medical studies provision

Provisions for clinical trials and medical studies are recognised for the entity's commitment in various 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. These clinical trials are an essential step to the discovery of new applications on treatments to other types of cancer and to refine the delivery of existing treatment methods.

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

Legal Proceedings

Sirtex Medical Limited (Sirtex) is the respondent to a representative proceeding (shareholder class action) being brought against it in the Federal Court of Australia. The current class action proceeding is a consolidation of two separate class actions initiated by Pawel Kuterba and Todd Hayward in 2017, which were formally consolidated by order of the Court on 30 April 2018.

The consolidated proceeding is said to concern all persons who acquired an interest in Sirtex Shares during the period from 24 August 2016 to 16 December 2016. A broad range of allegations are made against Sirtex in the class action, including alleged contraventions of the Corporations Act, the Australian Securities and Investments Commission Act 2001 (Cth) and the Competition and Consumer Act 2010 (Cth) in relation to misleading and deceptive conduct and breach of continuous disclosure obligations.

The applicants are seeking orders for damages, interest and costs from Sirtex on behalf of themselves and the group members they represent.

The Court has set a timetable for the filing of lay and expert evidence and the matter is set down for hearing commencing on 29 April 2019.

The Company reiterates its intentions to continue to vigorously defend the class action.

Having regard to the status of the proceeding, the current pleadings and other presently available information, the Directors of the Company believe that any liability potentially arising out of the proceeding cannot be reliably assessed or estimated at this point in time. Accordingly, no amount of any contingent asset or liability has been disclosed in the 30 June 2018 financial statements.

UBS Transaction Fee

UBS AG, Australia (UBS) was appointed as financial adviser in November 2017 to provide specialist advice in response to receiving initial unsolicited non-binding acquisition proposals. In May 2018, Sirtex received a binding offer from CDH Genetech Limited (CDH) to acquire 100% of the shares in Sirtex for $33.60 by way of a scheme of arrangement. On 14 June 2018, Sirtex entered into a binding scheme implementation deed with the bidders (CDH-CGP) which includes China Grand Pharmaceutical and Healthcare Holdings Limited as per amendment of the proposal after receiving Board recommendation in favour of the CDH-CGP proposal after a comprehensive investigation of the merits of the CDH-CGP proposal.

Upon completion of the transaction, the Company will pay UBS a fee comprising a base fee of 0.60% of the Equity Value and then an incentive fee equal to certain percentage of the incremental Equity Value. This transaction fee would amount to approximately $21m, being the net of the $21.4 million transaction fee, less UBS retainer fee of $0.4m.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

15. CONTINGENT LIABILITIES (CONTINUED)

It is classified as a contingent liability since the Transaction Fee obligation will only be confirmed by the completion of the Transaction which presently is still considered to be an uncertain future event not wholly within the control of the entity that the scheme is still subject to various conditions precedent, and ultimately shareholder approval.

	Consolidated	
	2018 $'000	2017 $'000
16. ISSUED CAPITAL		
Issued capital	32,427	32,154
Share issue costs	(1,258)	(1,258)
Share buy-back	(30,000)	(2,873)
Purchase of Non-Executive Directors' shares on market	(636)	(540)
Deferred tax on performance rights	7,309	7,309
	7,842	**34,792**
Number of shares issued	**55,773,045**	**57,465,062**

	2018		2017	
	No (000)	$'000	No (000)	$'000
Fully paid ordinary shares				
Balance at beginning of the year	57,465	34,792	57,274	32,684
Purchase of Non-Executive Directors' share on market	-	(96)	-	(154)
Issued on exercise of performance rights	20	273	422	5,135
Share buy-back	(1,712)	(27,127)	(231)	(2,873)
Balance at end of the year	**55,773**	**7,842**	**57,465**	**34,792**

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 Sirtex's foreign entities into AUD.

A total of 19,937 fully paid ordinary shares have been issued as a result of the exercise of performance rights at an average price of $16.02. The value of $159,900 booked to share capital represents the accounting expense previously recognised in relation to the performance rights. 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 Sirtex 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 Sirtex in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that Sirtex can fund its operations and continue as a going concern. Management effectively manages Sirtex'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 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated 2018 $	Consolidated 2017 $
17. RESERVES		
Share Rights Reserve	8,205	1,966
Foreign Currency Translation Reserve	5,396	1,291
	13,601	**3,257**

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 Sirtex gives rise to a foreign currency translation reserve.

	Consolidated 2018 $	Consolidated 2017 $
18. EARNINGS PER SHARE		
(a) Basic earnings per share		
(Loss)/profit from continuing operations attributable to equity holders	**41,469,139**	**(26,257,188)**
Weighted average number of shares used in the calculation of basic earnings per share	56,125,193	57,668,660
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)	598,347	-
(b) Diluted earnings per share		
Profit/(loss) from continuing operations attributable to equity holders	**41,469,139**	**(26,257,188)**
Weighted average number of shares used in the calculation of diluted earnings per share	56,723,540	57,668,660

	Consolidated 2018 $'000	Consolidated 2017 $'000
19. DIVIDENDS		
Distributions paid		
Declared unfranked (2017: 77.8% franked) ordinary dividend of 30 cents (2017: 30 cents) cents per share franked at the tax rate of 30% (2017: 30%)	16,726	17,306
Balance of franking (deficit)/credit amount at year end adjusted for franking credits arising from payment of provision for income tax	(6)	1,570

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% (2017: 30%). There are no further tax consequences as a result of paying dividends other than a reduction in the franking account.

At 30 June 2018 there were no franking credits (2017: $1,570,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

20. OPERATING SEGMENTS

Identification of reportable segments

Sirtex 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.

Sirtex 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 Sirtex are Asia Pacific, Americas and Europe, Middle East and Africa (EMEA).

As Sirtex 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 Sirtex.

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 Sirtex'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 Sirtex 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Asia Pacific	8,998	9,076	10,280	8,832	19,278	17,908
Americas	169,376	186,883	23,666	14,149	193,042	201,032
EMEA	40,361	38,323	157,351	163,974	197,712	202,297
Total of all segments					**401,032**	**421,237**
Interest					2,002	2,645
Eliminations					(191,297)	(186,955)
Consolidated					**220,737**	**236,927**

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

	2018 $'000	2017 $'000
Revenue from the sale of goods	218,735	234,282
Other segment revenue	2,002	2,645
From other segments	191,297	186,955
Elimination of intersegment revenues	(191,297)	(186,955)
Group revenues	**220,737**	**236,927**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

20. OPERATING SEGMENTS (CONTINUED)

Segment net profit/(loss) after tax

	2018 $'000	2017 $'000
Asia Pacific	55,603	(50,268)
Americas	11,173	7,750
EMEA	5,157	26,111
Total of all segments	**71,933**	**(16,407)**
Eliminations	(12,662)	(24,547)
Profit/(loss) before income tax expense	**59,271**	**(40,954)**
Income tax (expense)/benefit	(17,802)	14,697
Profit/(Loss) after income tax expense	**41,469**	**(26,257)**

Segment assets and liabilities

	Assets		Liabilities	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Asia Pacific	277,336	207,797	136,880	66,860
Americas	64,465	50,804	30,624	27,718
EMEA	51,002	58,772	30,023	37,961
Total of all segments	**392,803**	**317,373**	**197,527**	**132,539**
Eliminations	(167,259)	(123,251)	(131,160)	(87,884)
Consolidated	**225,544**	**194,122**	**66,367**	**44,655**

Other segment information

	Asia Pacific		Americas		EMEA	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Acquisition of segment assets						
– Plant and equipment	16	379	492	444	165	416
– Intangibles	122	21,701	-	-	-	-
Depreciation and amortisation of segment assets						
– Plant and equipment	615	779	740	856	721	736
– Intangibles	1,263	4,545	33	-	4	3
Impairment expense of segment assets						
– Plant and equipment	-	637	-	-	-	-
– Intangibles	-	90,541	-	-	-	-

Major customers

Sirtex 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 2018

21. SHARE BASED PAYMENTS

Executive Performance Rights

Sirtex 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, Sirtex 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 24 November 2017, a total of 489,524 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 were originally exercisable after 30 June 2020. The performance rights hold no voting or dividend rights and are not transferable. The value of the rights were based on the grant date and the following parameters.

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	$16.25
Expected share price volatility	40%
Expected index volatility	10%
Distribution yield	1.08%
Correlation	12.00%
Risk-free interest rate	1.90%

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.

The weighted fair value of the performance rights issued during the financial year ended 30 June 2018 has been calculated at $11.40 (2017: $6.04).

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
24 November 2017	489,524

At grant date, 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 2017 to 30 June 2020 (the Measurement period), namely Indexed Shareholder Return (i-TSR) and Earnings per Share (EPS). The percentage of rights vested will be determined as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

21. SHARE BASED PAYMENTS (CONTINUED)

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

Additionally, under the terms of the Sirtex Executive Rights Plan, the Board has discretion to determine a different treatment of any unvested Sirtex Performance Rights. The Group does not consider Board discretion to be a vesting condition as this discretion gives the Board the ability to modify the number of rights that will vest, should the need arise, including cancellations and settlements.

As at 30 June 2018, management made a judgement that it was probable that the Corporate Control event provisions would be triggered because of the scheme of arrangement entered into on 14 June 2018, and therefore brought forward the vesting date in respect of all of the FY17 and FY18 Sirtex Rights (excluding any that lapse before the Effective Date) to 1 August 2018. Subsequent to the year end, on Wednesday, 1 August 2018, the Court ordered that the scheme meeting be convened confirming management's judgement at 30 June 2018.

In accordance with the Sirtex Executive Rights Plan, under the Corporate Control provisions the Board has additional rights to exercise its discretion to determine a different treatment to the treatment outlined in the Sirtex Incentive Plan (refer to the remuneration report section 2.6) and determined that all of the FY17 and FY18 Sirtex Rights (excluding any that lapse before the Effective Date) will, subject to the scheme becoming Effective, vest with effect from 1 August 2018 (being the date that the Court ordered that the scheme meeting be convened) and, subject to those vested Sirtex Rights being exercised, will convert into Sirtex Shares and that this conversion be satisfied by way of the issue of new Sirtex Shares before the scheme Record Date to allow the relevant former holders of those Sirtex Rights to participate in the scheme.

In accordance with the terms of the Sirtex Executive Rights Plan, holders of those vested Sirtex Rights may exercise those Sirtex Rights on or before 31 August 2018, failing which they will automatically lapse. If the scheme becomes Effective, Sirtex Shares issued to the holders of the vested and exercised Sirtex Rights as outlined above will be acquired by Grand Pharma Sphere (Australia Bidco) Pty Ltd along with the other Sirtex Shares held by scheme Shareholders and the holders of those Sirtex Shares will be entitled to receive the scheme Consideration.

If the scheme does not become Effective, none of the FY17 and FY18 Sirtex Rights will vest or lapse as a result of this scheme or anything connected with it (including the Court ordering that the scheme meeting be convened) and holders of Sirtex Rights will continue to hold those Sirtex Rights.

Given that the CDH-CGP scheme implementation deed has been entered into, Sirtex has determined that it will not issue further Performance Rights in respect of the financial year ending 30 June 2019 (as it otherwise would). However, if the CDH-CGP scheme implementation deed is terminated for any reason, Sirtex will consider issuing Sirtex Rights to persons that otherwise would have received them in respect of the financial year ending 30 June 2019.

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	-	20,000	-	20,000	-	-	-	-
1-Sep-15	30-Jun-18*	-	96,244	-	-	10,800	85,444	11,278	74,166
4-Feb-16	30-Jun-18*	-	54,900	-	-	15,600	39,300	5,189	34,111
21-Dec-16	1-Aug-18**	-	180,076	-	-	31,530***	148,546	-	-
24-Nov-17	1-Aug-18**	-	-	489,524	-	35,497***	454,027	-	-

* 13.2% vest for FY16 plan
** Corporate control event occurred in accordance with Clause 10 of the Sirtex Executive Rights Plan
*** Forfeitures related to employees who departed during the year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

21. SHARE BASED PAYMENTS (CONTINUED)

Included in the statement of profit or loss and other comprehensive income is $8,084,734 (2017: $1,666,747) of performance rights plan expense and relates in full to equity-settled share-based payment transactions including the acceleration of the vesting period of the FY17 and FY18 plan performance rights discussed above.

Non-Executive Directors' Rights

On 1 July 2017, a total of 6,981 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 Sirtex 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
01-Jul-17	6,981

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
01-Jul-17	01-Oct-17	-	-	6,981	6,981	-	-	-	-

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-Sep-16	75,340
09-Mar-17	3,250

At grant date, the Board had 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

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

On Wednesday, 1 August 2018, the Court ordered that the scheme meeting be convened, triggering these Corporate Control provisions. In accordance with the Sirtex Executive Rights Plan, the Board has exercised its discretion and determined that all of the FY17 rights (excluding any that lapse before the Effective Date) will, subject to the scheme becoming Effective, vest with effect from 1 August 2018 (being the date that the Court ordered that the scheme meeting be convened) and, subject to those vested Sirtex Rights being exercised, will convert into Sirtex Shares and that this conversion be satisfied by way of the issue of new Sirtex Shares before the scheme Record Date to allow the relevant former holders of those Sirtex Rights to participate in the scheme.

NOTES TO THE FINANCIAL STATEMENTS

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	1-Aug-18*	-	-	61,900	-	10,910**	50,990	-	-
9-Mar-17	1-Aug-18*	-	-	3,250	-	1,100**	2,150	-	-

* Corporate control event occurred in accordance with Clause 10 of the Sirtex Executive Rights Plan
** Forfeitures related to employees who departed during the year

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 Sirtex's key management personnel for the year ended 30 June 2018 and 30 June 2017.

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

	2018 $	2017 $
Short-term employee benefits	5,596,654	5,035,196
Post-employment benefits	142,467	155,687
Termination benefits	640,000	675,035
Share-based payment	4,251,719	(750,154)
	10,630,840	5,115,764

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

23. PARENT ENTITY

	2018 $'000	2017 $'000
Assets		
Current assets	158,136	134,997
Non-current assets	37,799	33,537
Total assets	**195,935**	**168,534**
Liabilities		
Current liabilities	117,029	50,066
Non-current liabilities	506	939
Total liabilities	**117,535**	**51,005**
Equity		
Issued capital	7,842	34,792
Reserves	(1,958)	(5,907)
Retained earnings	72,516	88,644
Total Equity	**78,400**	**117,529**
Reserves		
Share rights reserve	2,838	(584)
Share capital reserve	(4,796)	(5,323)
Total reserves	**(1,958)**	**(5,907)**
Financial performance		
Profit for the year	598	7,430
Total comprehensive income	**598**	**7,430**

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 2018

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	25 months
Sydney - St Leonards	60 months	31 months
Singapore	36 months	38 months
Bonn (GER)	98 months	43 months
Frankfurt (GER)	120 months	62 months
Boston (US)	123 months	43 months
London (UK)	48 months	14 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 34 months.

	Consolidated	
	2018 $'000	2017 $'000
Non-cancellable operating leases:		
Not longer than 1 year	3,756	3,557
Longer than 1 year and not longer than 5 years	7,615	8,497
Longer than 5 years	111	727
	11,482	**12,781**

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 $nil (2017: $512,000). The amount of all outstanding contractual commitments as at 30 June 2018 is $nil (2017: $512,000).

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 $1,579,000 (2017: $4,716,000). The amount of all outstanding contractual commitments as at 30 June 2018 is $1,769,000 (2017: $6,126,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

25. CONTROLLED ENTITIES

		Ownership interest	
Name of entity	Country of incorporation	2018 %	2017 %
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 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	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 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 2018, $nil (2017: $2,531,294) was payable to directors, key management personnel and director related entities. At 30 June 2018, $1,774 (2017: $1,486) 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 (2017: 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 2018

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 $1,329,070 (2017: $163,242) 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: $91,800,955 (2017: $46,601,600)

Loans receivable from subsidiaries: $15,824,855 (2017: $15,045,768)

27. EVENTS AFTER REPORTING DATE

On 13 July 2018, as required by the scheme implementation deed entered into with Varian Medical Systems, Inc. (Varian) which was terminated on 14 June 2018, Sirtex paid Varian a break fee of approximately A$15.8 million. Under the terms of the scheme implementation deed entered into with CDH Genetech Limited and China Grand Pharmaceutical and Healthcare Holdings Limited (CDH-CGP) on the same day, CDH-CGP agreed to indemnify Sirtex against payment of the break fee payable to Varian resulting from the Sirtex Board's support for the CDH-CGP scheme of arrangement. Sirtex received cash reimbursement from CDH-CGP equivalent to the amount paid to Varian.

On 1 August 2018, the Federal Court of Australia made orders approving the dispatch of the Scheme Booklet in relation to proposed acquisition of all the shares in Sirtex by Grand Pharma Sphere (Australia Bidco) Pty Ltd. By way of Scheme of arrangement and has ordered that a meeting of shareholders be convened to consider and vote on the scheme on Monday 10 September 2018. In accordance with Clause 10 of the Sirtex Executive Rights Plan, this triggered a corporate control event. Refer to note 21 for judgements made relating to the treatment of vesting conditions of performance rights in accordance with Plan Rules at 30 June 2018.

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 Sirtex, the results of those operations or the state of affairs of Sirtex 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	
	2018 $'000	2017 $'000
Remuneration of the auditor of the parent entity for audit and review of financial reports	216	255
Agreed upon procedures performed for the parent entity	-	-
Remuneration of the auditors of subsidiaries for audit and review of financial reports	289	201

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 Sirtex. The Audit Committee monitors Sirtex'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.

Sirtex'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.

Sirtex'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 2018

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	
	2018 $'000	2017 $'000
Financial Assets		
Cash and cash equivalents	69,896	50,349
Other short-term deposits	58,000	68,000
Trade and other receivables	52,746	36,976
Other financial assets *	2,084	1,575
	182,726	**156,900**
Financial Liabilities		
Trade and other payables	37,317	26,432
	37,317	**26,432**

* 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 Sirtex 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

Sirtex's exposure to interest rate risk relates to its cash and short-term deposits. The interest rate as at 30 June 2018 on cash was 0.50% (2017: 0.70%) and on short-term deposits 2.63% (2017: 2.78%). 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	
	2018 $'000	2017 $'000
Change in profit:		
Increase in interest rate by 2%	2,302	2,130
Decrease in interest rate by 2%	(2,302)	(2,130)
Change in equity:		
Increase in interest rate by 2%	2,302	2,130
Decrease in interest rate by 2%	(2,302)	(2,130)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to Sirtex. Sirtex 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. Sirtex measures credit risk on a fair value basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sirtex 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 Sirtex'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 2018, Sirtex had only non-interest bearing financial liabilities with less than 1 year maturity (refer note 14).

(d) Foreign exchange risk

Sirtex 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 Sirtex's measurement currency.

It is Sirtex'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.

Sirtex 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	
	2018 $'000	2017 $'000
Change in profit:		
Increase of AUD to USD by 15%	(18,170)	(14,237)
Decrease of AUD to USD by 15%	18,170	14,237
Increase of AUD to EUR by 15%	(24,446)	(211)
Decrease of AUD to EUR by 15%	24,446	211
Change in equity:		
Increase of AUD to USD by 15%	(18,170)	(14,237)
Decrease of AUD to USD by 15%	18,170	14,237
Increase of AUD to EUR by 15%	(24,446)	(211)
Decrease of AUD to EUR by 15%	24,446	211

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table shows the foreign currency risk on the financial assets and liabilities of Sirtex'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.

2018	USD 000	EUR 000	GBP 000	SGD 000	JPY 000	AED 000	TRY 000	AUD 000
Group entity (Functional currency)								
US Entities (USD)	16,192							21,902
European Entities (EUR)		10,272						16,187
UK Entities (GBP)			(2,320)					(4,116)
Singapore Entities (SGD)				2,324				2,305
Japanese Entities (JPY)					2,516			31
Middle Eastern Entities (AED)						-		-
Turkish Entities (TRY)							1,904	563
Balance Sheet Exposure	**16,192**	**10,272**	**(2,320)**	**2,324**	**2,516**	**-**	**1,904**	**36,872**

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**

Foreign Currency Call/Put Options

Sirtex has no currency option open at reporting date.

ADDITIONAL STOCK EXCHANGE INFORMATION STATEMENTS

Number of shareholders

55,773,045 fully paid ordinary shares are held by 8,322 individual shareholders. All issued ordinary shares carry one vote per share.

Distribution of shareholders

		Ordinary shares	Holders
1	- 1,000	2,347,637	6,460
1,001	- 5,000	3,485,869	1,600
5,001	- 10,000	1,159,914	151
10,001	- 100,000	2,171,169	86
100,001	and over	46,608,456	25
		55,773,045	**8,322**

Non-marketable parcels - 474 shareholders held less than a marketable parcel of ordinary shares representing 8,082 ordinary shares.

Substantial shareholders

Ordinary shareholders		Fully Paid
	Number	Percentage
Morgan Stanley Asia	3,122,412	5.60
Mr Bruce N Gray	2,889,983	5.18

Twenty largest shareholders

Ordinary shareholders		Fully Paid
	Number	Percentage
HSBC Custody Nominees (Australia) Limited	21,540,824	38.62
Citicorp Nominees Pty Limited	8,814,905	15.80
J P Morgan Nominees Australia Limited	4,604,340	8.26
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	3,678,000	6.59
National Nominees Limited	2,571,733	4.61
CS Third Nominees Pty Limited (HSBC CUST NOM AU LTD 13 A/C)	1,369,825	2.46
Bannaby Investments Pty Limited (Bannaby Super Fund A/C)	610,000	1.09
National Nominees Limited (N A/C)	568,000	1.02
Merrill Lynch (Australia) Nominees Pty Ltd	429,383	0.77
Mr Tod McGrouther	425,921	0.76
BNP Paribas Nominees Pty Ltd [AGENCY LENDING DRP A/C]	418,854	0.75
IFM Pty Limited [IFM SUPER FUND A/C]	358,570	0.64
BNP Paribas Nominees Pty Ltd [DRP]	297,715	0.53
AMP Life Limited	202,793	0.36
Arrakis Nominees Pty Ltd [ARRAKIS FAMILY CAPITAL A/C]	167,835	0.30
Attunga Nominees Pty Ltd	130,000	0.23
Warbont Nominees Pty Limited [UNPAID ENTREPOT A/C]	123,961	0.22
Easn Pty Ltd [PENANCE A/C]	120,000	0.22
Mr Keith Kerridge	100,555	0.18
BNP Paribas Nominees Pty Ltd [IB AU NOMS RETAILCLIENT DRP]	97,761	0.18
	46,630,975	**83.59**

COMPANY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

COMPANY SECRETARY

Mr Darren Smith

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