

Cancer Research Trust
Special Purpose Financial Report
for the period ended
30 June 2009

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TRUSTEE'S REPORT

DIRECTORS

The names of the inaugural directors of Cancer Research Fund Pty Ltd, the Trustee of the Cancer Research Trust in office during the period and until the date of this report are as below.

Peter Leonhardt
Peter Mansell
Stuart Hohnen
Peter Klinken
Ian Puddey

The directors submit the Trustee's report for the period ended 30 June 2009.

PRINCIPAL ACTIVITY, REVIEW AND RESULTS OF OPERATIONS OF THE TRUST

Cancer Research Fund Pty Ltd (CRF or the Trustee) was incorporated on 25 March 2009 to act as Trustee of the Cancer Research Trust (the Trust).

The Trust was established on 28 April 2009:

1. Pursuant to the agreed dispute settlement between The University of WA (UWA), Bruce Nathaniel Gray (Gray); Sirtex Medical Limited (SML) and Cancer Research Institute Incorporated (Receiver Appointed)(CRI) made by deed dated 22 February 2007 and approved by the Federal Court of Australia (the Settlement);
2. To support and promote cancer research and education at a state, national and international level, and
3. To establish, maintain and administer a public fund or funds for any charitable purposes in relation to cancer research and education.

The Trust is endorsed as a Health Promotion Charity and has Deductible Gift Recipient status (confirmed and effective from 28 April 2009).

The terms of the Settlement, which are taken up in the Constitution of the CRF and the Trust Deed, include:

1. That upon constitution of the Trust and the appointment of the inaugural Board of Management, CRI is to transfer all of its assets to the Trust.
2. The Trust to be managed by a board of management initially comprised of a chairman appointed by UWA, CRI and the WA Institute of Medical Research (WAIMR) jointly; two WAIMR nominees; one UWA nominee and one CRI nominee.
3. The board of management is to appoint a scientific committee to advise and assist the board and facilitate and oversee the peer review process.
4. The Trust Deed is to (and does) include provisions:
 - a. To ensure proper corporate governance;
 - b. For the utilisation of an international peer review process for the assessment and allocation of grants from the Trust;
 - c. That all research conducted pursuant to grants from the Trust be conducted in accordance with the Joint NHMRC/AVCC Statement and Guidelines on Research Practice (1991) or such other guidelines as may replace those guidelines;

PRINCIPAL ACTIVITY, REVIEW AND RESULTS OF OPERATIONS OF THE TRUST (continued)

- d. For the establishment of a nominations committee to call for and assess suitable appointees to the board to replace retirees;
- e. That the assets transferred to the Trust from CRI be invested prudently with the intention that the capital not be distributed as grants for at least 10 years;
- f. For the income to be applied towards the objects of the Trust in cancer research and education but for the first 10 years, not in the construction of research buildings; and
- g. Part of the income be used to establish and maintain an annual post-doctoral fellowship for a Western Australian based person to undertake cancer research and education at WEHI, with that person selected in accordance with the protocols published by the NHMRC.

The assets transferred or to be transferred from CRI (CRI Assets) to the Trust are:

1. 23 Thompson Road Fremantle V175 F187A (the Property)
2. 4,568,526 Ordinary Shares in Sirtex Medical Limited ACN 078 166 122 (the Shares)
3. \$200,000 in interest bearing term deposit with ANZ, less cash retained by the Receiver
4. \$155,430.72 in cheque account with ANZ, less cash retained by the Receiver

The Trust Fund is made up of:

1. The CRI Fund (that part of the Trust Fund represented by the CRI Assets);
2. The Gift Fund (that part made up of public gifts of money or property made for Trust Purposes);
3. Public funds from donations, gifts, endowments, trust distributions, and any form of financial assistance from the public;
4. All money, investments and assets accepted by the Trustee; and
5. All accreditations and accumulations of income.

The investment policy of the Trust is that the CRI Fund is to be invested prudently and responsibly.

The distribution policy of the Trust is that any person or body corporate can apply to receive funding for an eligible project (a project that advances the Trust purposes). The applications are to be assessed by the scientific committee in accordance with the NHMRC Project Grants Peer Review Process for Funding 2009. The scientific committee is to advise the Trustee in writing of approved funding. The Trustee has the absolute discretion to decline funding.

The Trust received the transfers of the Property and Shares, together with \$50,000 of the \$355,431, prior to 30 June 2009. The Trust neither derived any income nor incurred any costs or expenses in the short period from establishment to 30 June 2009.

SUBSEQUENT EVENTS

On 10 September 2009 the Shares were realised for a net of \$20,410,861 inclusive of the partial GST recoverable on the brokerage.

The Property became subject to a sale contract on 7 October 2009 and settled on 17 November 2009 for net realise value of \$697,916 inclusive of GST recoverable on the commission, advertising and expenses of sale.

The funds realised from the sale of the Shares and Property, together with the cash received to date, have been invested.

CORPORATE GOVERNANCE

The board of directors of the Trustee ("Board") is responsible for corporate governance of the Trust.

All directors appointed to CRF must comply with the terms of the Settlement and the Constitution of CRF, which require that the Trustee must ensure that the principles of good governance are applied to all deliberations which occur under the Trust and by all advisory committees established under the Trust.

The Board has established the following committees:

1. Investments Committee to determine the strategies for realisation of the Shares and Property and the investment strategy for the monies realised from those assets.
2. Scientific Committee to assess applications for grants and approval of funding.

The Board will also establish a Nominations Committee if and when required to assist the Board in reviewing the selection and appointment of directors and to regularly review and evaluate the performance of the Board.

Signed in accordance with a resolution of the directors of the Trustee.



Peter Leonhardt
Director
Perth



Peter Mansell
Director
Perth

7 December 2009

**AUDITOR'S INDEPENDENT DECLARATION
TO THE TRUSTEE OF
CANCER RESEARCH TRUST
ABN: 33 906 785 987**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2009 there have been no contraventions of the auditor's independent requirements in relation to the audit as set out in the Accounting Professional and Ethical Standards:



**ACCRU⁺ PAGE KIRK & JENNINGS
Chartered Accountants**



**G R JENNINGS
Partner**

Date:9/12/2009.....
West Perth, WA

CANCER RESEARCH TRUST
Financial Report for the period ended 30 June 2009

INVESTMENT STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009

	2009 \$
Net income available for grant	
Revenue	-
Expenses	<u>-</u>
Net income before income tax	<u>-</u>
Income tax expense	<u>-</u>
Net income after tax	<u><u>-</u></u>

CANCER RESEARCH TRUST
Financial Report for the period ended 30 June 2009

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 \$
ASSETS		
Current Assets		
Cash and cash equivalents	3	50,000
Receivable	4	-
Property	5	693,923
Shares	6	15,304,562
Total Current assets		<u>16,048,485</u>
TOTAL ASSETS		<u>16,048,485</u>
EQUITY		
Contributed capital		16,048,485
Retained income		-
TOTAL EQUITY		<u>16,048,485</u>

CANCER RESEARCH TRUST
Financial Report for the period ended 30 June 2009

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009

	2009 \$
Cash flows from operating activities	<u>-</u>
Cash flows from investing activities	
Advance	50,000
Net cash flows from/(used in) investing activities	<u>50,000</u>
Cash flows from financing activities	-
Net cash flows from/(used in) financing activities	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	50,000
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	<u><u>50,000</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009**

1 AUTHORITY

The financial report of Cancer Research Trust for the period ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors of the Trustee on 7 December 2009.

Cancer Research Trust is a charitable trust established by Trust Deed dated 28 April 2009. The Trustee was incorporated on 25 May 2009 for the purpose of acting as the Trustee of the Trust and is domiciled in Australia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This financial report is a special purpose financial report prepared for use by the directors of the Trust. The directors have determined that the Trustee is not a reporting entity.

The financial report is presented in Australian dollars and is prepared on an accruals basis and based on historical cost basis.

There are no comparatives as the Trust was established on 19 February 2009:

1. to support and promote cancer research and education at a state, national and international level, and
2. to establish, maintain and administer a public fund or funds for any charitable purposes in relation to cancer research and education.

(b) Income Revenue Recognition

Revenue will be recognised as revenue as it accrues to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured.

(c) Receivable

Pursuant to the Settlement, the Trust is entitled to receive the balance of \$355,430.72 held by the CRI Receiver. That balance is after the costs, expenses and remuneration of the CRI Receiver in finalising the CRI Receivership, including the litigation to which CRI is a party. To date the Trust has received \$50,000 as an advance but the balance to be received is currently not known with any reasonable certainty.

The receivable will be brought to account on receipt.

(d) Property

The freehold land and building is to be realised in the short term and is brought to account at its expected net realisable value. That value has not been separated between land and buildings and no depreciation has been charged on the buildings.

(e) Shares

The shares are held for realisation in the short term and are brought to account at the market value at balance date.

CANCER RESEARCH TRUST
Financial Report for the period ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Trade and Other Payables

Trade and other payables will be carried at cost and represent liabilities for goods and services provided to the company prior to the reporting date that are unpaid and arise when the company becomes obliged to make future payments in respect to the purchase of these goods and services.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets will be recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

GST that is not recoverable on expenses incurred in the realisation of an asset is not recognised as part of the cost of the asset.

Trade payables in the Balance Sheet will be shown inclusive of GST. Accruals will be exclusive of GST.

Cash flows in the Cash Flow statement will be on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority will be classified as operating cash flows.

(h) Income Tax

The Trust is a charitable trust and is exempt from Income Tax. This exemption will remain in force unless there is any change to the legislation or the activities of the Trust.

2009
\$

3 CASH AND CASH EQUIVALENTS (CURRENT)

Cash on hand	50,000
	<u>50,000</u>

4 RECEIVABLE (CURRENT)

Receivable from CRI Receiver	-
	<u>-</u>

5 PROPERTY (CURRENT)

Freehold land & buildings	693,923
	<u>693,923</u>

6 INVESTMENT (CURRENT)

Investment in publicly listed company held for resale	15,304,562
	<u>15,304,562</u>

TRUSTEE DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cancer Research Fund Pty Ltd as Trustee for the Cancer Research Trust, we state that:

In the opinion of the directors:

1. the financial statements and notes of the Cancer Research Trust give a true and fair view of the financial position as at 30 June 2009 and of the performance of the Cancer Research Trust for the period ended on that date; and
2. there are reasonable grounds to believe that the Trustee will be able to pay the debts incurred on behalf of the Cancer Research Trust as and when they become due and payable.

On behalf of the Board



Peter Leonhardt
Director
Perth



Peter Mansell
Director
Perth

7 December 2009

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF
CANCER RESEARCH TRUST
ABN: 33 906 785 987**

Report on the Financial Report

We have audited the accompanying financial report of Cancer Research Trust which comprises the Balance Sheet as at 30 June 2009, the Investment Statement and Cash Flow Statement for the period then ended, a Summary of Significant Accounting Policies and other explanatory Notes and the Trustee Company's ("the trustee") Declaration.

Trustee's Responsibility for the Financial Report

The trustee of the trust is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Deed of Trust dated 28 April 2009. This responsibility includes:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material mis-statement, where due to fraud or error;
- selecting and applying appropriate accounting policies; and,
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material mis-statement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial report.

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

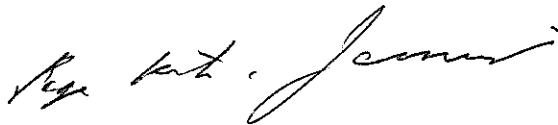
**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF
CANCER RESEARCH TRUST
ABN: 33 906 785 987**

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Cancer Research Trust as of 30 June 2009, and of its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) to the extent described in note 1.



**ACCRU⁺ PAGE KIRK & JENNINGS
Chartered Accountants**



**G R JENNINGS
Partner**

Date:9, 12 2009.....
West Perth, WA