

Cancer Research Trust
Special Purpose Financial Report
for the period ended
30 June 2010

TABLE OF CONTENTS

DIRECTORS' REPORT	3
AUDITORS' INDEPENDENCE DECLARATION	6
STATEMENT OF INVESTMENT INCOME.....	7
STATEMENT OF FINANCIAL POSITION.....	8
STATEMENT OF CASH FLOWS.....	9
NOTES TO THE FINANCIAL STATEMENTS	10
TRUSTEE DIRECTORS' DECLARATION	13
AUDIT REPORT	14

TRUSTEE'S REPORT

DIRECTORS

The names of the 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
Peter Klinken
Ian Puddey

Stuart Hohnen acted until his death on 20 June 2010.

The directors submit the Trustee's report for the period ended 30 June 2010.

PRINCIPAL ACTIVITY, REVIEW AND RESULTS OF OPERATIONS OF THE TRUST

Cancer Research Fund Pty Ltd (CRF or the Trustee) acts as Trustee of the Cancer Research Trust (the Trust).

The Trust is endorsed as a Health Promotion Charity and has Deductible Gift Recipient status and is established:

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.

Pursuant to the Constitution of CRF and the Trust Deed:

1. The Trust is managed by a board of management (Board).
2. The board of management is to appoint an external national/international scientific committee to advise and assist the board and facilitate and oversee the peer review process.
3. The Trust Deed includes 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;
 - 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 on settlement 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.

TRUSTEE'S REPORT

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

The Trust Fund is made up of:

1. The CRI Fund being that part of the Trust Fund represented by the following Assets and the proceeds from realisation of the Assets:
 - (i) 23 Thompson Road Fremantle V175 F187A (the Property)
 - (ii) 4,568,526 Ordinary Shares in Sirtex Medical Limited ACN 078 166 122 (the Shares); and
 - (iii) The net after costs and expenses of \$33,430.72 held by the CRI Receiver;
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 prior to 30 June 2009 and the Board sought marketing and sale proposals from suitably qualified firms for the realisation of those assets.

The Shares were realised in October 2009 for a net \$20,396,470.

The settlement on the sale of the Property for a net \$694,121 occurred in November 2009.

In preparation for the investment of the Shares and Property realisation proceeds, in October 2009 the Investment Committee reported to the Board on its process for proposals and the criteria used in recommending the preferred candidate.

The Board resolved to appoint Goldman Sachs JB Were as the investment advisor and portfolio manager after having considered:

1. Qualifications and Perth presence;
2. Governance;
3. Portfolio construction and investment allocation;
4. Forecast returns and risk profile;
5. Timing; and
6. Fees.

The investment strategy set out in the proposal was implemented and Goldman Sachs JB Were has presented periodic reports and recommendations to the Investment Committee and the Board for consideration and acceptance or otherwise.

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

The results for the year ended 30 June 2010 were adversely impacted by the global financial crisis with:

1. the CRI Fund generating net income of \$870,851 from an available capital base of \$21,140,000; and
2. realised losses on the investments sold during the year of \$168,602; and
3. unrealised losses on the investment portfolio at 30 June 2010 of \$788,392.

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 established the Investments Committee to determine the strategies for realisation of the Shares and Property and the investment strategy for the monies realised from those assets.

The Board has also moved to form the Scientific Committee to access applications for grants and approvals of funding.

A Nominations Committee will be formed 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

30 November 2010



**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 2010 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: 15, 12, 2010
...../...../.....
West Perth, WA

CANCER RESEARCH TRUST
Financial Report for the period ended 30 June 2010

STATEMENT OF INVESTMENT INCOME
FOR THE PERIOD ENDED 30 JUNE 2010

	2010	2009
	\$	\$
Income		
Interest earned on funds at bank and on term deposit	274,113	-
Interest received or receivable from monies invested in managed fund	549,942	-
Dividends received or receivable from investments in listed securities	122,425	-
	946,480	-
Expenses		
Bank charges	100	-
Accounting and secretarial fees	21,832	-
ASIC annual fee	212	-
Audit fees	3,990	-
Insurance	1,822	-
Investment management fees	39,095	-
Legal fees	7,497	-
Property rates, taxes and maintenance	-	-
Website construction	1,080	-
Realised losses on investments	168,602	-
Unrealised losses on investments	788,392	-
Total expenses	1,032,623	-
Net income/(loss) before income tax	(86,143)	-
Income tax expense	-	-
Net income/(loss) after tax	(86,143)	-
On income account	870,851	-
On capital account	(956,994)	-
	(86,143)	-

CANCER RESEARCH TRUST
Financial Report for the period ended 30 June 2010

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	6,278,997	50,000
Receivable	4	480,872	-
Property	5	-	693,923
Shares	6	-	15,304,562
Total Current assets		6,759,869	16,048,485
Non-current Assets			
Investments	7	14,321,902	-
Total Non-current Assets		14,321,902	-
TOTAL ASSETS		21,081,771	16,048,485
LIABILITIES			
Current Assets			
Trade and other payables		27,323	-
Total Current Assets		27,323	-
TOTAL LIABILITIES		27,323	-
NET ASSETS		21,054,448	16,048,485
EQUITY			
Contributed capital	8	21,140,591	16,048,485
Retained income		(86,143)	-
TOTAL EQUITY		21,054,448	16,048,485

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2010

	2010 \$	2009 \$
Cash flows from operating activities		
Interest	371,979	-
Dividends	98,627	-
Payments to suppliers	(53,304)	-
Net cash flows from/(used in) operating activities	417,302	-
Cash flows from investing activities		
Advance	-	50,000
Net Realisation of shares	21,748,424	-
Net realisation of property	694,121	-
Investments	(16,630,849)	-
Net cash flows from/(used in) investing activities	5,813,856	50,000
Cash flows from financing activities	-	-
Net cash flows from/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	6,228,997	50,000
Cash and cash equivalents at beginning of period	50,000	-
Cash and cash equivalents at end of period	6,278,997	50,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

1 AUTHORITY

The financial report of Cancer Research Trust for the period ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors of the Trustee on [DATE].

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.

The Trust was established:

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

On transfer to the Trust, the freehold land and building was brought to account at its expected net realisable value. That value was not been separated between land and buildings and no depreciation was been charged on the buildings. The freehold land and building was realised in November 2009 for a net \$694,121.

(e) Shares and investments

On transfer to the Trust, the Sirtex shares were brought to account at the market value. The shares were realised for a net \$20,396,470. Subsequent investments are recognised at market value at the end of the financial year. Any gain or loss on revaluation at year end is recorded in the Statement of Investment Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Trade and Other Payables

Trade and other payables are carried at cost and represent liabilities for goods and services provided to the Trustee prior to the reporting date that are unpaid and arise when the Trustee 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 are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

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

Cash flows in the Cash Flow statement is 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, are 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.

	2010	2009
	\$	\$
3 CASH AND CASH EQUIVALENTS (CURRENT)		
Cash at bank	1,278,997	50,000
Monies on term deposit	5,000,000	-
	6,278,997	50,000
4 RECEIVABLE (CURRENT)		
Interest income	452,076	-
Dividend income	23,798	-
Goods and services tax	4,998	-
Receivable from CRI Receiver	-	-
	480,872	-
5 PROPERTY (CURRENT)		
Opening balance		-
Freehold land & buildings at valuation	693,923	693,923
Increment in value taken to Contributed Capital	198	-
Realisation	(694,121)	-
Closing balance	-	693,923
6 INVESTMENT (CURRENT)		
Opening balance	15,304,562	-
Investment held for resale at balance date value	-	15,304,562
Increment in value taken to Contributed Capital	5,091,908	-
Realisation	(20,396,470)	-
Closing balance	-	15,304,562

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010**

	2010 \$	2009 \$
7 INVESTMENT (NON-CURRENT)		
Investments		
Opening balance	-	-
Investments at cost	15,110,294	-
Impairment to fair value	(788,392)	-
Closing balance net fair value	<u>14,321,902</u>	-
Made up of:		
Investments in listed securities - equities		
Opening balance	-	-
Investments in listed securities at cost	7,570,601	-
Impairment to fair value	(655,559)	-
Closing balance net fair value	<u>6,915,042</u>	-
Investments in listed securities - fixed interest		
Opening balance	-	-
Investments in corporate debt and note securities at cost	829,201	-
Fair value adjustment	2,504	-
Closing balance net fair value	<u>831,705</u>	-
Investments in unlisted securities – managed funds		
Opening balance	-	-
Investments in managed funds at cost	6,710,492	-
Impairment to fair value	(135,337)	-
Closing balance net fair value	<u>6,575,155</u>	-
8 CONTRIBUTED CAPITAL		
Contributed capital is made up of:		
Opening balance	-	-
Advance	50,000	50,000
Property	694,121	693,923
Shares	20,396,470	15,304,562
Closing balance	<u>21,140,591</u>	<u>16,048,485</u>

Contributed Capital was recognised at market value at 30 June 2009. The assets comprising the Contributed Capital were sold during the year ended 30 June 2010. The difference between the market value at 30 June 2009 and the proceeds received on the disposal of the assets has been recognised in Contributed Capital at 30 June 2010.

TRUSTEE DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cancer Research Fund Pty Ltd as Trustee for the Cancer Research Trust, I 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 2010 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

30 November 2010

**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, being a Special Purpose Financial Report, of Cancer Research Trust which comprises the Statement of Financial Position as at 30 June 2010, the Statement of Investment Income and Statement of Cash Flows 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 2010. 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. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the trustee. 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.

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

The financial report has been prepared for the purpose of fulfilling the trustees' financial reporting requirement under the Deed of Trust dated 28 April 2009. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the trustee, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of 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 2010, 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: 15/12/2010
West Perth, WA