ONCOLOGY RESEARCH INTERNATIONAL LIMITED
ABN: 34 067 964 621
AND CONTROLLED ENTITY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

30 JUNE 2013

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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DIRECTORS' REPORT

The Directors of Oncology Research International Limited present their Report together with the financial statements of the consolidated entity , being Oncology Research International Limited ('the Company') and its controlled entity ('the Group') for the year ended 30 June 2013 and the Independent Audit Report thereon.

DIRECTORS

The names of each person who has been a Director during the year and to the date of this report are:

PROFESSOR JOHN GORDON MCVIE - MD, FRCP, FRCPS, FRCSE, FMedSci, DSc (Hon)
Professor McVie is a Non-executive Director, Chairman of the Board of Oncology Research International Limited and Chairman of ORIL's Scientific Advisory Committee. Professor McVie was formerly Director General of the Cancer Research Campaign in the UK before it merged with the Imperial Cancer Research Foundation to form Cancer Research UK, when he became co-Director General. Professor McVie is a leading world authority in the research and treatment of cancer. He is currently Senior Consultant at the Scientific Directorate within the European Institute of Oncology, Milan, an active clinical oncologist, lead editor of several prestigious oncology journals and advisor to the World Health Organisation.

DR PHILIP ANDREW MARSHALL - BSc (Hons), PhD, FRACI, CChem MAICD
Dr Marshall is an Executive Director and Chief Executive Officer and manages the corporate aspects of the Company, as well as overseeing the scientific and research programs. Dr Marshall has over 30 years' international experience at senior and executive management level in scientific affairs within the pharmaceutical industry. He has considerable experience in bringing pharmaceutical products from concept to commercialization, risk management, international regulatory affairs and compliance to best practice, and in patents. Dr Marshall is a member of the Australian Institute of Company Directors.

DR KENNETH MICHAEL WAYTE - DC
Dr Wayte is an Executive Director, holds a Doctor of Chiropractic and served as secretary of the Australian Chiropractors Association, Western Australia from 1977 to 1980. He was diagnosed with bowel cancer in 1986 and after following a demanding and restrictive vegetarian diet with specific plant-based treatments he recovered. As a result, he founded ORIL in 1993 with the objective of researching plant-based therapies for cancer.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Dr Kenneth Michael Wayte held the position of Company Secretary at the end of the financial year.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year is medical research. There have been no significant changes in the nature of these activities during the financial year.

OPERATING RESULTS

The consolidated operating loss of the Group after providing for income tax for the financial year amounted to $1,941,806 (30 June 2012: Loss $2,769,707).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The YTD to June 30 2013 was yet another eventful year at ORIL. In recognising the importance of its platform technology the company has expanded its corporate strategy towards developing a pipeline of products, expanding the clinical program in order to fast track ORIL007 to market and increase its value for out-licensing opportunities.

Corporate Development & Investment

ORIL has revised its corporate strategy to reflect long term goals, consistent with its international focus.
Key points for shareholders and investors include:

- Internationally recognised Board and management
- Novel approach to oncology with multiple indications as a path to market
- ORIL compounds are differentiated from existing classes of oncology drugs (Appendix)
- Internationally focused product registration strategy for ORIL's lead compound
- Lead compound optimised; preclinical studies to be completed before entering a Phase I study, expected to be completed within 18 months
- Strong intellectual property portfolio with 4 patents granted or in national phase in lead markets
- Developing product pipeline built on platform technology

Research Program and IP Portfolio

The drug development process is a complex and lengthy process; the company has made significant investment in its research and development program towards anticancer therapies. During the year we continued to make steady progress with our lead drug candidate, ORIL007. Some of the notable events in the past six months are:

- The two Australian patent applications and corresponding PCTs relating to ORIL007 were filed in April 2013 and have received favourable international search reports to support the claims.
- Patents for the anticancer application have been granted in Europe, Australia, China and Eurasia with other jurisdictions still under examination by the Patent Office. Similarly, patents for the anti-angiogenesis application have been granted in Australia, China and Eurasia with other jurisdictions still under examination by the Patent Office.
- The manufacture of ORIL007 at quality suitable for human clinical studies continued to be on track and budget
- ORIL is finalising a pre-IND (USA - FDA) package with strong *in vitro* and *in vivo* data, chemistry package and toxicology. FDA discussions are planned for later this year, with a view to entering the clinic in 2014 and completion within 18 months.
- Further experimental data have been produced to support the platform technology
- The program suffered a setback in early 2013 with formulation and associated difficulties which have presented a slowdown to clinical advancement. ORIL is continuing to work with its collaborators using nanotechnology as of the basis for a suitable drug delivery system for ORIL007 and remains confident of entering the clinic in 2014.

Through control of the integrity and function of the cell membranes, ORIL's platform technology provides the unique opportunity for an innovative strategy not only in the therapeutic treatment of a multitude of cancer indications but also novel treatments for other disorders. For example ORIL has demonstrated that its lead compounds have potent anti-angiogenic activity which has potential application in eye disorders such as corneal neovascularisation, retinal/choroidal neovascularisation, diabetic retinopathy and age-related macular degeneration.

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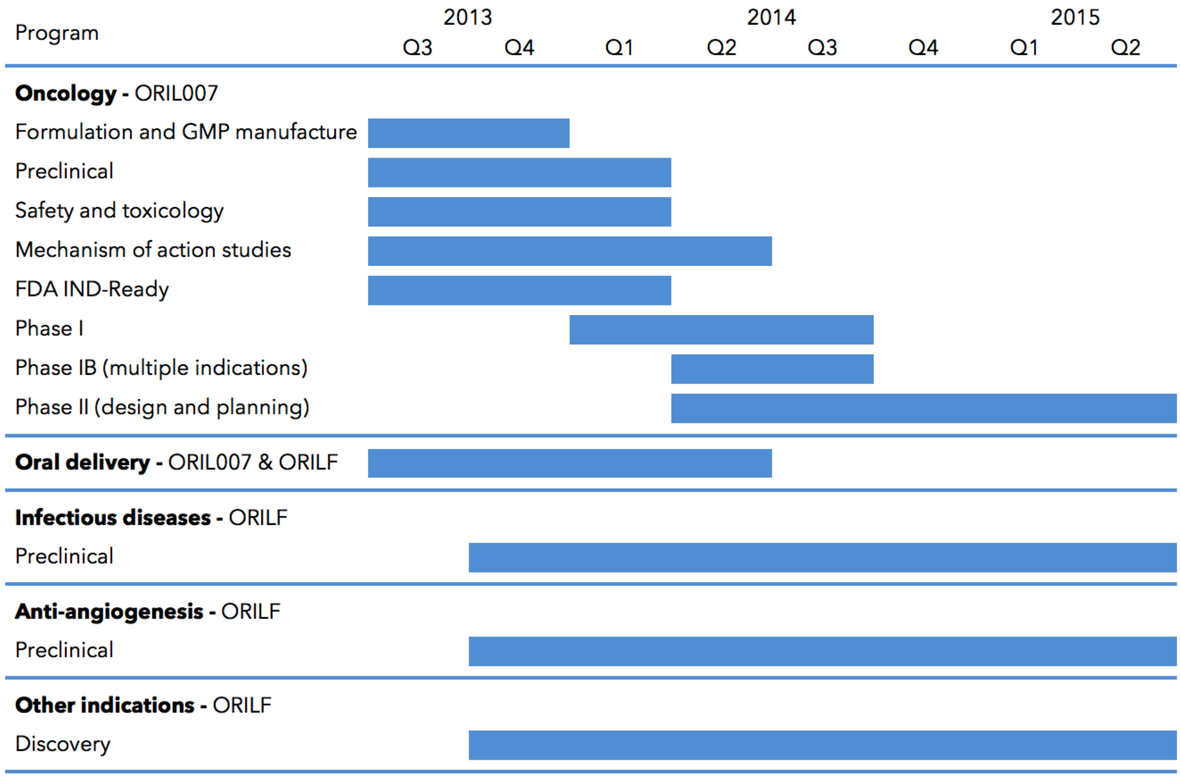
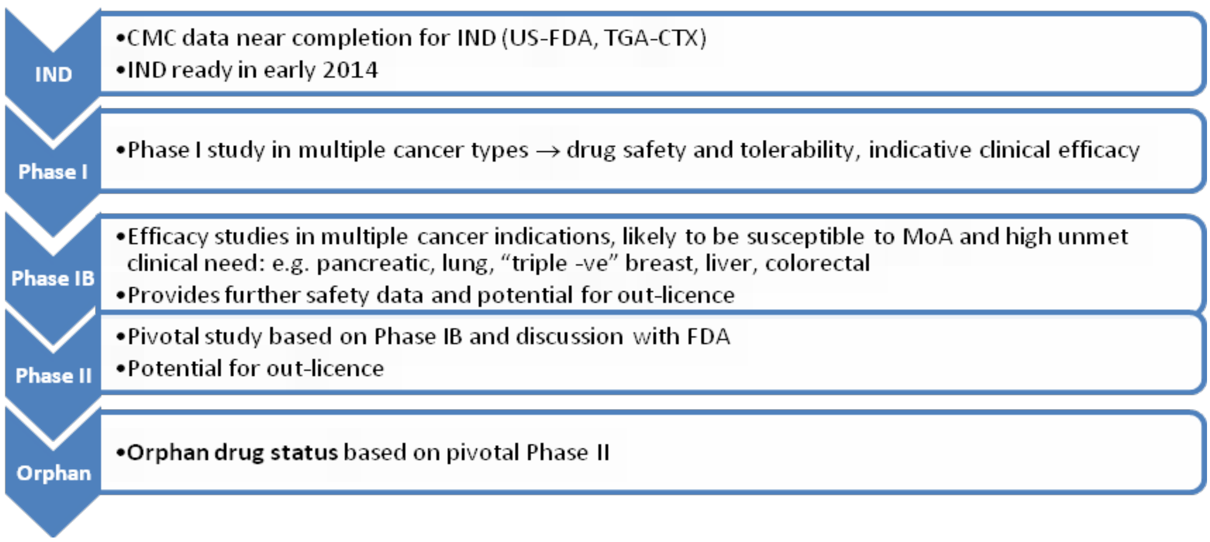
DIRECTORS' REPORT

The overall R&D program and milestones for next 18 months are depicted below.



ORILF = ORIL family of compounds
FDA = Food & Drug administration (USA)
IND = Investigational New Drug (Application)
CMC = Chemistry, Manufacturing & Control (Data)
TGA = Therapeutic Goods Administration
CTX = Clinical Trial Exemption (Scheme)

The clinical development strategy is designed to enable fast track of ORIL007 depending on the clinical outcomes from multiple Phase IB studies. Assuming positive outcomes this would (in consultation with FDA) enable pivotal Phase II study and orphan drug status. A summary is provided in the flow diagram below.



DIRECTORS' REPORT

Operations

- **Dr Fernando Felquer** joined the team in April 2013 as Innovation Manager to support the research program and commercialisation activities. Dr Felquer holds a PhD in molecular biology and a MBA in entrepreneurship, and brings to the company many years of scientific research and executive management within the biotech industry.
- The Scientific Advisory Board has been expanded with the appointment of **Professor Giuseppe Giaccone**, an internationally recognised expert in the field of lung cancer and developmental therapeutics, who is based in Washington DC, USA.
- Consistent with corporate development, the website and has been updated and a company logo designed and adopted into ORIL documents and public information.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have been discussed where appropriate in relation to the Group's medical research prospects in the Review of Operations contained in this report.

There are no further likely developments of which the directors are aware which could be expected to affect the result of the Group's operations in future years.

ENVIRONMENTAL LEGISLATION

The Company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

INDEMNIFYING OFFICER OR AUDITOR

During the year, Oncology Research International Limited paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

PROCEEDINGS ON BEHALF OF 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 to 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.

DIRECTORS' REPORT

SHARE OPTIONS ISSUED

As at the date of this report, the unissued ordinary shares of Oncology Research International under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
14 May 2004	23 February 2016	$0.50	300,000
7 December 2007	23 February 2016	$0.75	3,250,000
16 October 2008	23 February 2016	$0.75	100,000
9 December 2010 to 27 May 2011	31 December 2015	$0.50	5,513,250
2 May 2012	2 May 2017	$1.00	100,000
			9,263,250

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

For details of options issued to directors and key management personnel as remuneration refer Note 13 Key Management Personnel Compensation.

MEETINGS OF DIRECTORS

During the financial year, 24 meetings of directors were held, attendance of Directors at those meetings were:

	Meetings Attended	Meetings Eligible to Attend
J G McVie	24	24
P A Marshall	24	24
K M Wayte	24	24

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2011 is included in page 6 of this financial report and forms part of this Directors' report.

Signed in accordance with a resolution of the Board of Directors.

P A MARSHALL
DIRECTOR

K M WAYTE
DIRECTOR

Dated this 17th day of September 2013

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Auditor's Independence Declaration
To the Directors of Oncology Research international Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Oncology Research International Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner – Audit & Assurance

Perth, 17 September 2013

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	Consolidated Group	
		2013	**2012**
		$	**$**
Other Income	2	878,457	354,325
Depreciation expense		(862)	(989)
Accountancy		(168,275)	(139,845)
Audit fees		(18,250)	(10,000)
Corporate Advisory		(168,387)	(43,100)
Consultancy fees		(544,000)	(120,000)
Directors Fees		(70,000)	(70,000)
Legal fees		(12,520)	(26,527)
Loss on sale of land and buildings		(15,327)	-
Patents		(132,447)	(67,715)
Printing, postage and stationery		(19,753)	(5,763)
Research & Development	3	(1,492,260)	(1,589,057)
Secretarial fees		(26,250)	(9,350)
Travel and Accommodation		(117,913)	(90,165)
Impairment of assets held for sale		-	(881,960)
Share based expenses		-	(27,000)
Other expenses		(34,019)	(42,561)
Loss before income tax		(1,941,806)	(2,769,707)
Income tax expense	4	-	-
Loss for the year		(1,941,806)	(2,769,707)
Total comprehensive loss, net of tax, attributable to owners of the parent entity		(1,941,806)	(2,769,707)

The accompanying notes form part of these financial statements.

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	NOTE	Consolidated Group	
		2013 $	2012 $
CURRENT ASSETS			
Cash and cash equivalents	5	1,953,911	1,277,913
Trade and other receivables	6	91,147	66,825
Assets held for sale	9	-	650,000
TOTAL CURRENT ASSETS		2,045,058	1,994,738
NON-CURRENT ASSETS			
Property, plant & equipment	7	2,827	1,369
Investment Property	8	-	-
TOTAL NON-CURRENT ASSETS		2,827	1,369
TOTAL ASSETS		2,047,885	1,996,107
CURRENT LIABILITIES			
Trade and other payables	10	463,154	267,570
TOTAL CURRENT LIABILITIES		463,154	267,570
TOTAL LIABILITIES		463,154	267,570
NET ASSETS		1,584,731	1,728,537
EQUITY			
Share capital	11	14,446,597	12,648,597
Reserves	12	237,540	237,540
Accumulated losses		(13,099,406)	(11,157,600)
TOTAL EQUITY		1,584,731	1,728,537

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Share Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Consolidated group				
Balance at 1 July 2011	12,645,597	(8,387,893)	210,540	4,468,244
Loss for the year	-	(2,769,707)	-	(2,769,707)
Transactions with owners				
Issue of share capital	3,000	-	-	3,000
Issue of options	-	-	27,000	27,000
Balance at 30 June 2012	12,648,597	(11,157,600)	237,540	1,728,537
Loss for the year	-	(1,941,806)	-	(1,941,806)
Transactions with owners				
Issue of share capital	1,798,000	-	-	1,798,000
Balance at 30 June 2013	14,446,597	(13,099,406)	237,540	1,584,731

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	Consolidated Group	
		2013	**2012**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		63,191	139,199
Goods & Services tax refund		127,256	108,781
Research & Development Tax Offset Refund		816,220	191,023
Payments to suppliers		(2,759,794)	(2,209,315)
Net cash used in operating activities		(1,753,127)	(1,770,312)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment		(2,320)	-
Purchase of Land and Buildings		-	(1,818)
Proceeds from disposal of Land & Buildings		650,000	-
Selling expenses – Land & Buildings held for resale		(15,327)	-
Rent received		1,937	46,110
Rent expenses		(3,165)	(22,163)
Net cash provided by investing activities		631,125	22,129
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		1,798,000	3,000
Net cash provided by financing activities		1,798,000	3,000
Net increase/(decrease) in cash held		675,998	(1,745,183)
Cash at the beginning of the financial year		1,277,913	3,023,096
Cash at the end of the financial year	5	1,953,911	1,277,913

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

The principal activity of Oncology Research International Limited and its subsidiary (the Group) is medical research.

General Information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB.) Oncology Research International Limited is a for-profit entity for the purpose of preparing the financial statements.

Oncology Research International Limited is the Group's ultimate parent company. Oncology Research International Limited is a unlisted public company incorporated and domiciled in Australia. The registered office of the company is Level 6 256 St Georges Terrace Perth WA 6000. The principal place of business is 6 Zollner Close Connolly WA 6027.

The consolidated financial statements for the year ended 30 June 2013 (including comparatives) were approved and authorised for issue by the board of directors on 17th day of September 2013.

Changes in accounting policies

New and amended standards adopted by the group

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (Applies to annual reporting periods beginning on or after 1 July 2012)

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the year. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its financial statements.

Accounting standards issued but not yet effective and not been adopted early by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been adopted early by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 10 *Consolidated Financial Statements* (Applies to annual reporting periods beginning on or after 1 January 2013)

AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 *Consolidated and Separate Financial Statements* and AASB Interpretation 112 *Consolidation – Special Purpose Entities.*

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting standards issued but not yet effective and not been adopted early by the Group (continued)

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

AASB 11 *Joint Arrangements Statements* (Applies to annual reporting periods beginning on or after 1 January 2013)

AASB 11 replaces AASB 131 *Interests in Joint Ventures* and AASB Interpretation 113 *Jointly- controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

***AASB 12 Disclosure of Interests in Other Entities Statements* (Applies to annual reporting periods beginning on or after 1 January 2013)**

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates.

Revised AASB 127 *Separate Financial Statements*, Revised AASB 128, *Investments in Associates and Joint Ventures* (Applies to annual reporting periods beginning on or after 1 January 2013)

As a consequence of issuing AASB 10, AASB 11 and AASB 12, revised versions of AASB 127 and AASB 128 have also been issued.

AASB 127 now only deals with separate financial statements. AASB 128 incorporates the requirements in Interpretation 113 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and guidance relating to the equity method for associates and joint ventures.

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

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

AASB 2011-7 contains consequential amendments to a range of Australian Accounting Standards and Interpretations in light of the issuance of these Standards. When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the entity given that they are largely of the editorial nature.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting standards issued but not yet effective and not been adopted early by the Group (continued)

AASB 13 *Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* (Applies to annual reporting periods beginning on or after 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group will adopt the new standard from its operative date, which means that it will be applied in the annual reporting period ending 30 June 2014.

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

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

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

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Accounting Policies

(a) Overall Considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Principles of Consolidation

The Group financial statements consolidate those of the parent company and its subsidiary drawn up to 30 June 2013.

A subsidiary is any entity over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. The subsidiary has a reporting date of 30 June. Details of the subsidiary are contained in Note 17 to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation (Continued)

As at reporting date, the assets and liabilities of the controlled entity have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

(c) Property, Plant and Equipment

Plant and equipment
Plant and equipment are measured on the cost basis.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Useful Life
Plant and equipment	5 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(d) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income.)

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using the rates of tax enacted, or are substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are charged or credited directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income Tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future tax profit will be available against which the benefits of the deferred tax asset 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 tax legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Tax Consolidation
Oncology Research International Limited and its wholly owned Australian subsidiary have formed an income tax consolidated group from 1 July 2003 under tax consolidation legislation. Oncology Research International Limited is responsible for recognising the current and deferred tax liabilities for the tax consolidated group.

(e) Impairment of Non Financial Assets

At each reporting date, the Group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Non-current assets classified as held for sale

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position. Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal group.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangibles

Research and Development
Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Developments costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(h) Revenue

Interest revenue is reported on an accruals basis using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Rental income is recognised as it is received.

All revenue is stated net of the amount of goods and services tax (GST).

(i) 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. 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 in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Exchange rate differences arising on translation are recognised in the income statement.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments

Recognition
Financial instruments, incorporating financial assets and financial liabilities, are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value
Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(m) Share-based payments

The Company provides benefits to key management personnel (including directors) and research contractors of the Company in the form of share-based payment transactions, whereby services are rendered in exchange for options over shares ('equity-settled transactions').

The fair value of the equity to which the key management personnel become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

(n) Investment Property

Investment property, comprising residential units, is held to generate short term rental yields. All tenant leases are on an arm's length basis. Investment property will be realised as required to meet the company's expenditure commitments. Investment property is carried at cost less where applicable, any impairment losses.

(o) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

		Consolidated Group	
		2013	**2012**
		$	**$**
2.	**REVENUE**		
	Operating activities		
	- Rent received	1,937	46,110
	- Interest received	60,300	117,192
	- Research & Development Tax Offset Refund	816,220	191,023
	Total Revenue	878,457	354,325
3.	**LOSS FOR THE YEAR**		
	Expenses		
	- Research & development costs	1,492,260	1,589,057

4. INCOME TAX

The prima facie tax payable (benefit) on the profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense or benefit as follows:

	2013 $	2012 $
Prima facie income tax payable (benefit) on profit/(loss) from ordinary activities before income tax at 30%	(582,542)	(830,912)
Tax effect of differences:		
Non assessable items:		
- Research & Development Tax Offset Refund	(244,866)	(57,307)
Non allowable items:		
- Provision for doubtful debts – loan to controlled entity	-	-
- Research & Development Tax Offset Claim	659,241	538,596
- Share based expenses	-	8,100
- Other non allowable items	5,453	264,958
Decrease (Increase) in Deferred Tax Asset	(12,732)	(14,390)
Deferred Tax Assets not brought to account at 30%	175,446	90,955
Income tax benefit attributable to profit/(loss) from ordinary activities before income tax	-	-
Potential tax benefit at 30% of unused tax losses for which no Deferred Tax Asset has been recognised	1,618,022	1,453,262

	Note	Consolidated Group 2013 $	2012 $
5. CASH AND CASH EQUIVALENTS			
Cash at bank and in hand		1,953,911	1,277,913
Reconciliation of Cash			
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents		1,953,911	1,277,913
6. TRADE AND OTHER RECEIVABLES			
Current			
Other receivables		4,414	7,305
Prepayments		22,929	18,550
Goods & Services Tax Receivable		63,804	40,970
		91,147	66,825
7. PROPERTY, PLANT & EQUIPMENT			
Plant & equipment, at cost		12,149	9,829
Accumulated depreciation		(9,322)	(8,460)
		2,827	1,369

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

Plant and Equipment	2013	2012
Balance at beginning of year	1,369	2,358
Additions	2,320	-
Depreciation Expense	(862)	(989)
Carrying amount at the end of the year	2,827	1,369

8. INVESTMENT PROPERTY

	2013	2012
Balance at beginning of year	-	1,530,142
Additions	-	1,818
Revaluation to recoverable value	-	(881,960)
Reclassification to assets held for sale (Refer to Note 9)	-	(650,000)
Balance at the end of the year	-	-

	Consolidated Group	
	2013	**2012**
	$	**$**
9. ASSETS HELD FOR SALE		
Current		
Assets held for sale	-	650,000

The Company acquired investment property in 2011 of two units located in Findon, SA.

In July 2012 and September 2012 the Company entered into agreements to sell the properties. The property was previously held at cost; however, at 30 June 2012, the properties were reduced to the fair market value of $650,000.

	2013 $	2012 $
10. TRADE AND OTHER PAYABLES		
Current		
Trade payables	463,154	267,570

11. SHARE CAPITAL

	2013 $	2012 $
37,356,010 (2012: 33,760,010) Fully paid ordinary shares	14,446,597	12,648,597
Ordinary shares		
At the beginning of the reporting period	33,760,010	33,757,010
Shares issued during the year	3,596,000	3,000
At reporting date	37,356,010	33,760,010

The company issued an Offer Information Statement (OIS) dated 14 November 2012 for the issue of 4,000,000 fully paid ordinary shares at an issue price of $0.50 per ordinary share payable in full on application. No shares are to be allotted or offered on the basis of the OIS later than 13 months after the date of the OIS.

During the year, the company raised $1,798,000 through the issue of :
- 596,000 ordinary shares at $0.50 per share under the OIS dated 14 November 2012
- 3,000,000 shares at $0.50 per share to a sophisticated investor.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

11. CONTRIBUTED EQUITY (continued)

Options

At balance date, share options existed which if exercised would result in the issue of 9,263,250 (2012: 9,263,250) fully paid ordinary shares as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
14 May 2004	23 February 2016	$0.50	300,000
7 December 2007	23 February 2016	$0.75	3,250,000
16 October 2008	23 February 2016	$0.75	100,000
9 December 2010 to 27 May 2011	31 December 2015	$0.50	5,513,250
2 May 2012	2 May 2017	$1.00	100,000
			9,263,250

The options are exercisable before the expiry date at the discretion of the option holder.

For information relating to share options issued to key management personnel during the financial year refer to Note 13 Key Management Personnel Compensation.

Capital Management

The company's objectives when managing capital are to ensure the group can fund its operating and continue as a going concern.

The company monitors its working capital position against expenditure requirements to undertake its planned research and development program and maintain its ongoing operations. Where required the company will issue new securities or modify its research and development program to ensure the company's working capital requirements are met.

There have been no changes in the policy adopted by management to control the capital of the company since the prior year.

12. RESERVES

Option Reserve

The Option Reserve is used to recognise fair value of options issued to key management personnel (including directors), their associates and research contractors. Details of the movement in reserves are shown on the face of the statement of changes in equity.

13. KEY MANAGEMENT PERSONNEL COMPENSATION

The names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:-

- J G McVie — Director and Chairman of the Board
- P A Marshall — Director, Chief Executive Officer and Chief Scientific Officer
- K M Wayte — Director and Secretary
- M J Story — Principal Research Scientist

Compensation Practices

2013

	Short Term	Share based payments		
	Cash fees[1]	Options[2]	Shares	Total
Name	$	$	$	$
John Gordon McVie	50,000	-	-	50,000
Kenneth Michael Wayte	140,000	-	-	140,000
Philip A Marshall	240,000	-	-	240,000
Michael J Story	150,000	-	-	150,000
Total	580,000	-	-	580,000

2012

	Short Term	Share based payments		
	Cash fees[1]	Options[2]	Shares	Total
Name	$	$	$	$
John Gordon McVie	40,000	-	-	40,000
Kenneth Michael Wayte	140,000	-	-	140,000
Philip A Marshall	220,000	-	-	220,000
Michael J Story	150,000	-	-	150,000
Total	550,000	-	-	550,000

Compensation Practices

Note 1:

Directors' fees totalling $30,000 (2012: $30,000) and consulting fees totalling $20,000 (2012: $10,000) were paid to Cancer Strategies and Communications Ltd, an entity associated with Professor J G McVie. The balance owing to Cancer Strategies and Communications Ltd by the consolidated group at 30 June 2013 was $12,500.

Directors' fees totalling $20,000 excluding GST (2012: $20,000) and consulting fees totalling $220,000 excluding GST (2012: $200,000) were paid to Pharmchem Technical Services Pty Ltd, an entity associated with Dr P A Marshall. The balance owing to Pharmchem Technical Services Pty Ltd by the consolidated group at 30 June 2013 was $23,333 excluding GST.

13. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Directors' fees totalling $20,000 excluding GST (2012: $20,000) and consulting fees totalling $120,000 excluding GST (2012: $120,000) were paid to Altnamus Pty Ltd, an entity associated with Dr K M Wayte. The balance owing to Altnamus Pty Ltd by the consolidated group at 30 June 2013 was $15,000 excluding GST.

Story Pharmaceutics Pty Ltd, an entity associated with Dr M J Story provided consulting services to the consolidated group totalling $150,000 excluding GST (2012: $150,000 excluding GST). The balance owing to Story Pharmaceutics Pty Ltd by the consolidated group at 30 June 2013 was $25,000 excluding GST.

Note 2:

The share based payments to the key management personnel include options issued to associated individuals and entities.

Other transactions and balances with key management personnel are disclosed in Note 14.

14. RELATED PARTY TRANSACTIONS

Number of Shares Held by Key Management Personnel

2013

Key Management Personnel	Balance 1 July 2012	Transfers	Balance 30 June 2013
K M Wayte			
- Directly ordinary shares	2,520,000	-	2,520,000
- Indirectly ordinary shares	1,367,292	-	1,367,292
	3,887,292	-	3,887,282
P A Marshall			
- Indirectly ordinary shares	100,000	-	100,000
J G McVie			
- Indirectly ordinary shares	-	-	-
M J Story			
- Indirectly ordinary shares	195,500	-	195,500
	4,182,792	-	4,182,792

2012

Key Management Personnel	Balance 1 July 2011	Transfers	Balance 30 June 2012
K M Wayte			
- Directly ordinary shares	2,520,000	-	2,520,000
- Indirectly ordinary shares	1,379,292	(12,000)	1,367,292
	3,899,292	(12,000)	3,887,292
P A Marshall			
- Indirectly ordinary shares	100,000	-	100,000
J G McVie			
- Indirectly ordinary shares	-	-	-
M J Story			
- Indirectly ordinary shares	195,500	-	195,500
	4,194,792	(12,000)	4,182,792

14. RELATED PARTY TRANSACTIONS (continued)

Number of Options Held by Key Management Personnel

2013

Key Management Personnel	Balance 1 July 2012	Granted as Compensation	Transfers/ Ceasing as Director	Balance 30 June 2013
J G McVie				
- Indirectly share options	300,000	-	-	300,000
K M Wayte				
- Indirectly share options	500,000	-	-	500,000
P A Marshall				
- Indirectly share options	220,000	-	-	220,000
M J Story				
- Indirectly share options	700,000	-	-	700,000
	1,720,000	-	-	1,720,000

2012

Key Management Personnel	Balance 1 July 2011	Granted as Compensation	Transfers/ Ceasing as Director	Balance 30 June 2012
J G McVie				
- Indirectly share options	300,000	-	-	300,000
K M Wayte				
- Indirectly share options	500,000	-	-	500,000
P A Marshall				
- Indirectly share options	220,000	-	-	220,000
M J Story				
- Indirectly share options	700,000	-	-	700,000
	1,720,000	-	-	1,720,000

Other transactions with Key Management Personnel

Dr Kenneth Michael Wayte and his associated entity, Altnamus Pty Ltd were reimbursed during the year for administration expenditure incurred by Dr Wayte and Altnamus Pty Ltd in respect of the consolidated group totalling $12,620 excluding GST (2012: $1,245 excluding GST).

Cancer Strategies and Communication Ltd, an entity associated with Professor J Gordon McVie was not reimbursed during the year for any expenditure incurred by Cancer Strategies and Communication Ltd in respect of the consolidated group (2012: $160 excluding GST).

Pharmchem Technical Services Pty Ltd, an entity associated with Dr Philip Marshall was reimbursed during the year for travel and other expenditure incurred by Pharmchem Technical Services Pty Ltd in respect of the consolidated group totalling $109,577 excluding GST (2012: $91,118 excluding GST).

Story Pharmaceutics Pty Ltd, an entity associated with Dr Michael Story was reimbursed during the year for travel and other expenditure incurred by Story Pharmaceutics Pty Ltd in respect of the consolidated group totalling $13,758 excluding GST (2012: $22,899 excluding GST).

14. RELATED PARTY TRANSACTIONS (continued)

Details of key management personnel compensation are disclosed separately in note 13. Details of consulting fees paid to key management personnel are disclosed separately in note 13.

15. SHARE – BASED PAYMENTS

The following share based payments existed at 30 June 2012:

	2013		2012	
	Number of options	**Weighted Average exercise price**	**Number of Options**	**Weighted average exercise price**
Outstanding at the beginning of the year	2,520,000	$0.76	2,420,000	$0.75
Granted	-	-	100,000	$1.00
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	2,520,000	$0.76	2,520,000	$0.76
Exercisable at year end	2,520,000	$0.76	2,520,000	$0.76

During the year ended 30 June 2012 100,000 options were issued to a research contractor, with an exercise price of $1.00 and expiring on 2 May 2017. Using the Black Scholes Model the fair value of an option has been determined as approximately 27 cents based on the following criteria:

Weighted average exercise price	$1.00
Weighted average life of the options	60 months
Underlying share prices	$0.50
Expected volatility	80 – 120%
Risk free interest rate	3.05%

All options granted to key management personnel are ordinary shares in Oncology Research International Ltd, which confer a right of one ordinary share for every option held.

16. SEGMENT INFORMATION

The consolidated group operates predominantly in the medical research industry within Australia.

17. CONTROLLED ENTITY

ONCOLOGY RESEARCH ASSOCIATES PTY LTD	**2013**	**2012**
Country of Incorporation	Australia	Australia
Class of Share	Ordinary	Ordinary
Cost of Parent Company's Investment	$2,000,000	$2,000,000
Equity Holding	100%	100%
Contribution to Consolidated Income (Loss) from Ordinary activities before income tax	-	-

Deed of Cross Guarantee

Oncology Research International Ltd and Oncology Research Associates Pty Ltd are parties to a Deed of Cross Guarantee which was lodged with and approved by the Australian Securities and Investments Commission on 8 December 1995. Under the Deed of Cross Guarantee each of the above named companies guarantees the debts of the other company.

The aggregate assets and liabilities of the above named entities relieved under the deed, and their aggregate net profit/(loss) after tax for the period then ended (after eliminating intercompany investment and other intercompany transactions) are as follows:

	2013	**2012**
	$	**$**
Assets	-	-
Liabilities	-	-

18. COMMITMENTS AND CONTINGENT LIABILITIES

There was no outstanding commitments or contingent liabilities not provided for in the financial statements of the consolidated group as at 30 June 2013.

19. PARENT ENTITY – ONCOLOGY RESEARCH INTERNATIONAL LIMITED

	2013	**2012**
	$	**$**
Parent entity		
Assets		
Current assets	2,045,058	1,994,738
Non-current assets	2,827	1,369
Total assets	2,047,885	1,996,107
Liabilities		
Current liabilities	463,154	267,570
Total liabilities	463,154	267,570
Equity		
Issued capital	14,446,597	12,648,597
Reserves	237,540	237,540
Retained earnings	(13,099,406)	(11,157,600)
Financial performance		
Loss for the year	1,941,806	2,769,707
Other comprehensive income	-	-
Total comprehensive income	1,941,806	2,769,707

20. FINANCIAL INSTRUMENTS

Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to subsidiaries.

The main purpose of non-derivative financial instruments is to raise finance for the group operations.

The group does not have any derivative instruments at 30 June 2013.

(a) Interest rate risk

Interest rate risk is where the value of a financial instrument will fluctuate due to changes in market interest rates.

Receivables and loans to and from related entities are interest free and therefore do not evidence interest rate risk.

The consolidated group's exposure to interest rate risk and the effective interest rates on financial assets and financial liabilities at the balance date is as follows:

Financial Instruments	**Floating Interest rate**		**Non-interest Bearing**		**Total carrying Amount as per the balance sheet**		**Weighted average Effective interest rate**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
(i) Financial assets								
Cash	1,953,911	1,277,913	-	-	1,953,911	1,277,913	3.22%	2.78%
Trade receivables	-	-	68,218	48,275	68,218	48,275	-	-
Prepayments	-	-	22,929	18,550	22,929	18,550	-	-
Total financial assets	1,953,911	1,277,913	91,147	66,825	2,045,058	1,344,738	-	-
(ii) Financial liabilities								
Trade creditors & accruals	-	-	463,154	267,570	463,154	267,570	-	-
Total financial liabilities	-	-	463,154	267,570	463,154	267,570	-	-

Interest rate sensitivity

At 30 June 2013, if interest rates had changed by -100/+70 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $18,707 lower/ $13,095 higher (2012 – change of -100/+70 bps: $21,698 lower/ $15,188 higher), mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been $18,707 lower/ $13,095 higher (2012 – change of -100/+70 bps: $21,698 lower/ $15,188 higher) mainly as a result of an increase/decrease in the interest income from cash and cash equivalents.

20. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet is financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet is liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity manages liquidity risks by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The table below reflects the contractual maturities of financial liabilities, including estimated interest payments.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Financial liability and financial asset maturity analysis

30 June 2013	**Carrying amount**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial assets liabilities due for payment						
Trade creditors and accruals	463,154	463,154	-	-	-	-
Financial assets – cash flows realisable						
Cash and cash equivalents	1,953,911	1,953,911	-	-	-	-
Trade and other receivables	91,147	91,147	-	-	-	-

30 June 2012	**Carrying amount**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial assets liabilities due for payment						
Trade creditors and accruals	267,570	267,570	-	-	-	-
Financial assets – cash flows realisable						
Cash and cash equivalents	1,277,913	1,277,913	-	-	-	-
Trade and other receivables	66,825	66,825	-	-	-	-

20. FINANCIAL INSTRUMENTS (continued)

(c) Net fair values

The aggregate net fair values of financial assets and financial liabilities at the balance date, are as follows:

	Total carrying amount As per balance sheet		Aggregate net Fair value (i)	
	2013	2012	2013	2012
Financial assets				
Cash	1,953,911	1,277,913	1,953,911	1,277,913
Prepayments	68,218	48,275	68,218	48,275
Receivables - other debtors	22,929	18,550	22,929	18,550
Total financial assets	2,045,058	1,344,738	2,045,058	1,344,738
Financial liabilities				
Trade creditors & accruals	463,154	267,570	463,154	267,570
Total financial liabilities	463,154	267,570	463,154	267,570

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised financial instruments

Cash: The carrying amount approximates fair value because of their short-term to maturity.
Trade receivables and payables: The carrying amount approximates fair value.

(c) Credit risk exposures

The consolidated group's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet.

21. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in subsequent financial years.

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
AND CONTROLLED ENTITY
ABN 34 067 964 621

DIRECTORS' DECLARATION

1. In the opinion of the directors of Oncology Research International Limited:

   a) the consolidated financial statements and notes of Oncology Research International Limited, as set out on pages 7 to 29 are in accordance with the Corporations Act 2001, including:

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

      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b) there are reasonable grounds to believe that Oncology Research International Limited will be able to pay its debts as and when they become due and payable.

2. The consolidated financial statements comply with International Financial Reporting Standards.

The company and a wholly owned subsidiary, Oncology Research Associates Pty Ltd, have entered into a deed of cross guarantee as described in Note 17 under which the company and its subsidiary guarantee the debts of each other.

At the date of this declaration there are reasonable grounds to believe that the companies which are party to the deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

Signed in accordance with a resolution of the directors:

Director ________________________________
P A Marshall

Director ________________________________
K M Wayte

Dated this 17th day of September 2013

Grant Thornton

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Independent Auditor's Report
To the Members of Oncology Research International Limited

We have audited the accompanying financial report of Oncology Research International Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Oncology Research International Limited is in accordance with the Corporations Act 2001, including giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner – Audit & Assurance

Perth, 17 September 2013