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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

30 JUNE 2014

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

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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 2014 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 $917,060 (30 June 2013: Loss $1,941,806).

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.

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DIRECTORS' REPORT

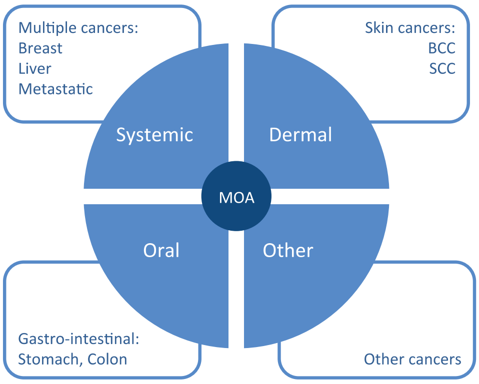
REVIEW OF OPERATIONS

The year to June 2014 was yet another eventful time at ORIL. Recognising the importance of its platform technology the company has expanded its corporate strategy by broadening the development and clinical program through multiple drug delivery systems, (leading to multiple oncology product formulations), in order to not only fast track ORIL007 to first-in-man Phase I studies but to increase its value for out-licensing opportunities, while developing a pipeline of products in the background.

Corporate Development & Investment

Consistent with its international focus and to position the company for sustainable growth, ORIL has broadened its corporate strategy to reflect its long-term goals. Key points for shareholders and investors regarding the expansion of the research program include:

- Novel approach to oncology with multiple indications and product dosage forms as a path to market
- ORIL compounds are differentiated from existing classes of oncology drugs by the novel mode of action
- Internationally focused product registration strategy for ORIL's lead compound to become IND-ready for multiple dosage forms
- Lead compound optimised and available; preclinical studies to be completed before entering the first-in-man Phase I study, expected to be completed within 18 months
- ORIL's lead oncology candidate ORIL007 will be formulated using a number of different technologies to provide a number of prototype formulations which will be tested via parenteral, oral and dermal administration. This leads to multiple product opportunities.



- Selecting a number of cancer indications and product dosage forms to follow on from the Phase I study in to multiple Phase I/IB trials
- Exploiting the potential of ORIL's platform technology and develop a product pipeline targeting other disease areas, for example by regulating abnormal angiogenesis.
- Strong intellectual property portfolio with 4 patents granted or in national phase in lead markets, others pending.

DIRECTORS' REPORT

Research Program and IP Portfolio

- The drug development process from idea to the market is a very complex and lengthy process. In line with ORIL's strategic business development strategy, the company's R&D program has recently been expanded to include the concurrent and multi-pronged development of several Drug Delivery Systems (i.e. dosage forms or formulations) incorporating the oncology lead candidate ORIL007.

- ORIL's lead oncology candidate ORIL007 will be formulated applying a number of different technologies to concurrently provide a number of prototype formulations which will be tested via parenteral, oral and dermal administration. This leads to multiple product opportunities.

- Patents for the anticancer application have been granted in Europe, Australia, China, Taiwan, Mexico 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, Taiwan, Mexico and Eurasia with other jurisdictions still under examination by the Patent Office.

- The table below provides an update of the status of the ORIL family of patents.

Title (Family)	Patent Application Number	Status
Methods and compositions for promoting activity of anti-cancer therapies	PCT/AU2007/001091	Granted in Australia, China, Europe, Eurasia, Mexico, Taiwan Under examination or pending in Brazil, Canada, India, Japan, USA
Methods and compositions for inhibiting angiogenesis	PCT/AU2007/001092	Granted in Australia, China, Europe, Eurasia, Mexico, Taiwan Under examination or pending in Brazil, Canada, India, Japan, USA
Improved synthesis of a class of steroid saponins	PCT/AU2013/000416	PCT filed in April 2013 Favourable international search report
Polymorph (ORIL007)	PCT/AU2013/000417	PCT filed in April 2013
Formulation		Draft

- Work to support and complete the story on the novel mode of action and ORIL's position of "first-in-class" drug has been completed. This work is also critical in supporting the application for an Investigational New Drug (IND) application with the US Food & Drug Administration (FDA) and for ethics application for Phase I studies.

- The scale-up of ORIL007 under Good Manufacturing Practice has been completed. The material will be used for further pre-clinical work and importantly, the clinical studies. The associated documentation (Drug Master File) for regulatory purposes is also nearing finalisation.

- The design and preparation of the clinical protocols for each product type is well underway with design, drafts provided to the statistician for evaluation and input. Several world-class, oncology Clinical Trial Centres have been identified with initial visits and evaluation (under confidentiality) undertaken.

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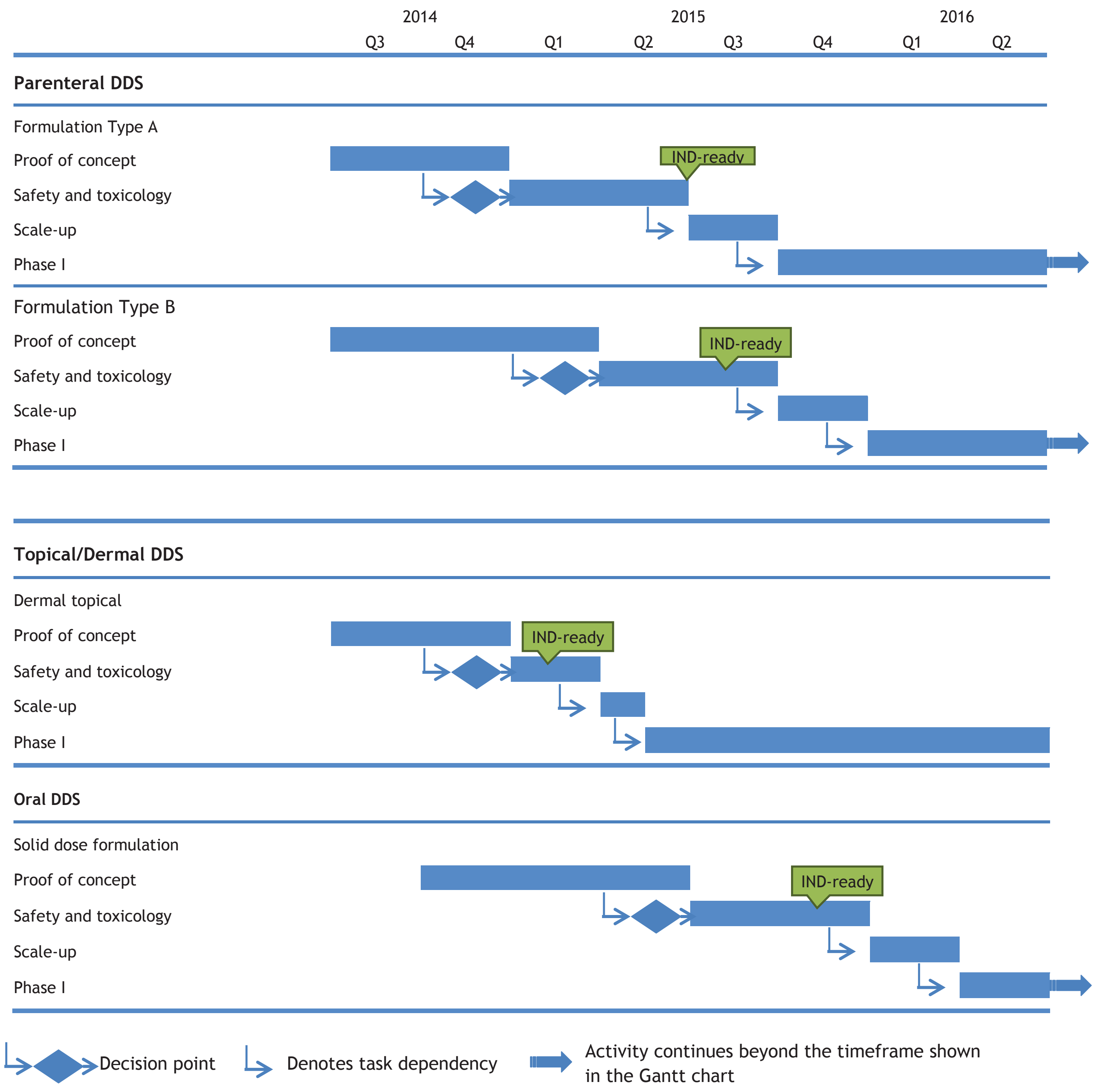
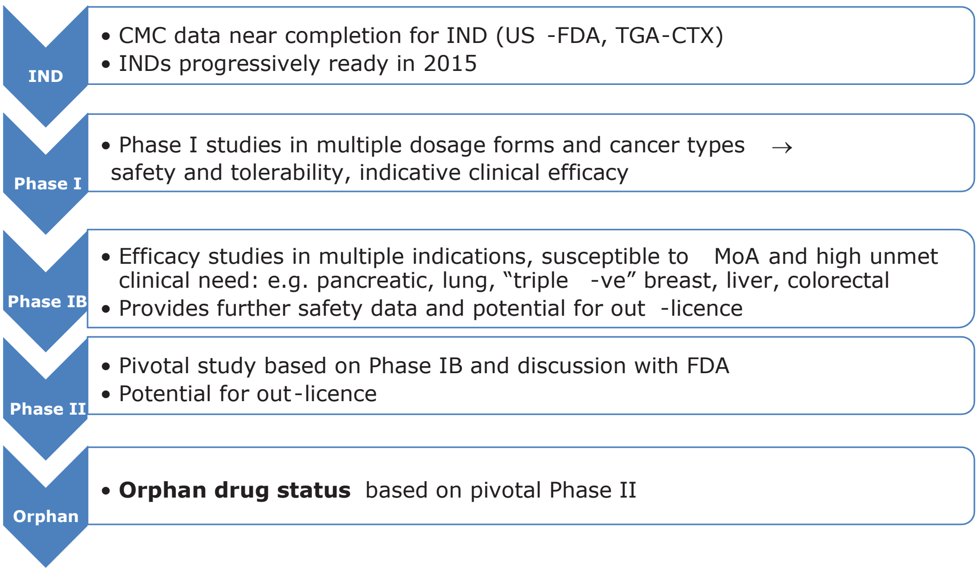
DIRECTORS' REPORT

Gantt chart for pre-clinical and clinical oncology program: July 2014 – June 2016.

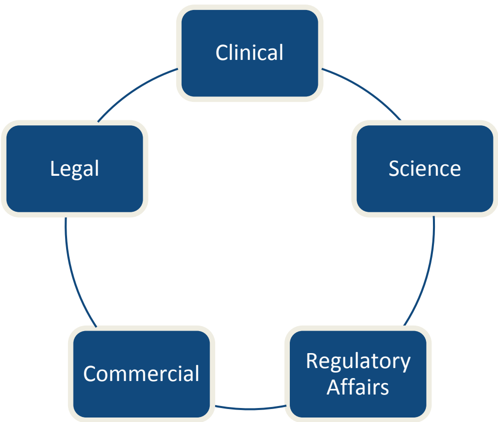


The clinical development strategy is designed to enable fast track of ORIL007 in multiple product forms and depending on the clinical outcomes from multiple Phase I/IB studies. Assuming positive outcomes this would (in consultation with FDA) enable pivotal Phase II study and orphan drug status. A summary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



Operations and Infrastructure

The company has recognised the need for speciality expertise and knowledge to assist in the management and execution of the complex development program, together with the business plan and necessary associated company infrastructure.



Accordingly ORIL has engaged a number of experts and CROs to supplement the in-house skills and resources under Professional Services Agreements in areas such as:

Implementation of Charters for corporate governance
Development of Quality Management Systems
Development of the Quality Assurance Plan for clinical studies
Statisticians, data management for clinical studies
Regulatory Affairs: TGA, EU and FDA
Legal Advisors
Commercial and Business Development
Communications with stakeholders

- ORIL senior management continued to hold discussions with investors, high net worth individuals, fund managers etc in Australia and overseas to encourage further investment. The company has on-going discussions with "big pharma" and will continue to keep interested parties up-to-date with the company's progress.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

EVENTS ARISING SINCE THE END OF THE FINANCIAL YEAR

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.

LIKELY 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.

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DIRECTORS' REPORT

UNISSUED SHARES UNDER OPTION

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.

No options were issued to directors and key management personnel as remuneration during the year ended 30 June 2014 and to the date of this report.

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director is as follows:

	Meetings Attended	Meetings Eligible to Attend
J G McVie	45	45
P A Marshall	45	45
K M Wayte	45	45

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 8 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 19th day of September 2014

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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 2014, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner - Audit & Assurance

Perth, 19 September 2014

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	Consolidated Group	
		2014	**2013**
		$	**$**
Other income	2	1,062,511	878,457
Depreciation expense		(898)	(862)
Accountancy		(166,285)	(168,275)
Audit fees		(19,170)	(18,250)
Corporate advisory		(228,530)	(168,387)
Consultancy fees		(576,487)	(544,000)
Directors fees		(70,000)	(70,000)
Legal fees		(19,573)	(12,520)
Loss on sale of land and buildings		-	(15,327)
Patents		(126,879)	(132,447)
Research & development	3	(521,333)	(1,492,260)
Secretarial fees		(43,615)	(26,250)
Travel and accommodation		(144,665)	(117,913)
Other expenses		(62,136)	(53,772)
Loss before income tax		(917,060)	(1,941,806)
Income tax expense	4	-	-
Loss for the year		(917,060)	(1,941,806)
Total comprehensive loss, net of tax, attributable to owners of the parent entity		(917,060)	(1,941,806)

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 2014

	NOTE	Consolidated Group	
		2014	**2013**
		$	**$**
CURRENT ASSETS			
Cash and cash equivalents	5	3,676,483	1,953,911
Trade and other receivables	6	51,378	68,218
Other current assets	7	15,714	22,929
TOTAL CURRENT ASSETS		3,743,575	2,045,058
NON-CURRENT ASSETS			
Property, plant & equipment	8	1,929	2,827
TOTAL NON-CURRENT ASSETS		1,929	2,827
TOTAL ASSETS		3,745,504	2,047,885
CURRENT LIABILITIES			
Trade and other payables	9	198,917	463,154
TOTAL CURRENT LIABILITIES		198,917	463,154
TOTAL LIABILITIES		198,917	463,154
NET ASSETS		3,546,587	1,584,731
EQUITY			
Share capital	10	17,325,513	14,446,597
Reserves	11	237,540	237,540
Accumulated losses		(14,016,466)	(13,099,406)
TOTAL EQUITY		3,546,587	1,584,731

The accompanying notes form part of these financial statements.

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Consolidated group				
Balance at 1 July 2013	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, net of issue costs	1,798,000	-	-	1,798,000
Balance at 30 June 2013	14,446,597	(13,099,406)	237,540	1,584,731
Loss for the year	-	(917,060)	-	(917,060)
Transactions with owners				
Issue of share capital, net of issue costs	2,878,916	-	-	2,878,916
Balance at 30 June 2014	17,325,513	(14,016,466)	237,540	3,546,587

The accompanying notes form part of these financial statements.

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	Consolidated Group	
		2014	**2013**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		71,828	63,191
Goods & Services tax refund		189,821	127,256
Research & Development Tax Offset Refund		981,952	816,220
Payments to suppliers		(2,399,945)	(2,759,794)
Net cash used in operating activities	20	(1,156,344)	(1,753,127)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment		-	(2,320)
Proceeds from disposal of Land & Buildings		-	650,000
Selling expenses – Land & Buildings held for resale		-	(15,327)
Rent received		-	1,937
Rent expenses		-	(3,165)
Net cash provided by investing activities		-	631,125
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		2,992,620	1,798,000
Share issue costs		(113,704)	-
Net cash provided by financing activities		2,878,916	1,798,000
Net increase/(decrease) in cash held		1,722,572	675,998
Cash at the beginning of the financial year		1,953,911	1,277,913
Cash at the end of the financial year	5	3,676,483	1,953,911

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 40 Redheart Road Carramar WA 6031.

The consolidated financial statements for the year ended 30 June 2014 (including comparatives) were approved and authorised for issue by the board of directors on 19th day of September 2014.

Changes in accounting policies

New and amended standards adopted by the group

The group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2013:

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.

The adoption of this standard for the year ended 30 June 2014 has had 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.

The adoption of this standard for the year ended 30 June 2014, has had no impact on transactions and balances recognised in the financial statements because the Group has not entered into any joint arrangements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and amended standards adopted by the group (Continued)

***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, the adoption of this standard has had no impact on amounts recognised in the financial statements and has had no significant impact on the disclosures in the notes to the financial statements.

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.

The adoption of these revised standards for the financial year ending 30 June 2014 has had 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.

The adoption of these amendments has had no significant impact on the Group's accounting policies or the amounts reported during the year given that they are largely of the editorial nature.

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 Fair Value Measurement does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. The adoption of AASB 13 by the Group has not changed the fair value measurement basis for any assets or liabilities held at fair value.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and amended standards adopted by the group (Continued)

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.

As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

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 2014 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 9 ***Financial Instruments*** **(Applies to annual reporting periods beginning on or after 1 January 2018)**

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

AASB 9 *Financial Instruments* (Applies to annual reporting periods beginning on or after 1 January 2018) (Continued)

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

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

Consequential amendments arising from AASB 9 are contained in AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, AASB 2010-10 *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*, AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* and AASB 2014-1 *Amendments to Australian Accounting Standards*.

The Group has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (Applies to annual reporting periods beginning on or after 1 January 2014)

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

AASB 2013-3 *Recoverable Amount Disclosures for Non-Financial Assets* (Applies to annual reporting periods beginning on or after 1 January 2014)

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS *13 Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets.*

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

***AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (Applies to annual reporting periods beginning on or after 1 January 2014)**

AASB 2013-4 makes amendments to AASB 139 *Financial Instruments: Recognition & Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the Group.

AASB 1031 *Materiality* (Applies to annual reporting periods beginning on or after 1 January 2014)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

When the revised AASB 1031 is first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the Group.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* (Part B: Materiality) (Applies to annual reporting periods beginning on or after 1 January 2014)

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations).

When theses amendments are first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the Group.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* (Part C: Financial Instruments (Applies to annual reporting periods beginning on or after 1 January 2015)

These amendments:

- add a new chapter on hedge accounting to AASB 9 *Financial Instruments*, substantially overhauling previous accounting requirements in this area;
- allow the changes to address the so-called 'own credit' issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- defer the mandatory effective date of AASB 9 from '1 January 2015' to '1 January 2017'.

Note that, subsequent to issuing these amendments, the AASB has issued AASB 2014-1 which defers the effective date of AASB 9 to '1 January 2018'.

When theses amendments are first adopted for the year ending 30 June 2016, it is unlikely to have any significant impact on the Group.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

AASB 2014-1 *Amendments to Australian Accounting Standards* (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles) (Applies to annual reporting periods beginning on or after 1 July 2014)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*:

a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and

b) amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the Group.

AASB 2014-1 *Amendments to Australian Accounting Standards* (Part E: Financial Instruments) (Applies to annual reporting periods beginning on or after 1 January 2015)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 *Financial Instruments* to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 *Hedge Accounting* into AASB 9 and to amend reduced disclosure requirements for AASB 7 *Financial Instruments: Disclosures* and AASB 101 *Presentation of Financial Statements*.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the Group

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

The Group financial statements consolidate those of the parent company and its subsidiary drawn up to 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies.

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 reporting 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income Tax (continued)

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.

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.

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Foreign Currency Transactions and Balances (Continued)

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 Statement of Financial Position.

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: Financial Instruments: Recognition and Measurement. 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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	
		2014	**2013**
		$	**$**
2.	**REVENUE**		
	Operating activities		
	- Rent received	-	1,937
	- Interest received	80,559	60,300
	- Research & Development Tax Offset Refund	981,952	816,220
	Total Revenue	1,062,511	878,457
3.	**LOSS FOR THE YEAR**		
	Expenses		
	- Research & development costs	521,333	1,492,260
4.	**INCOME TAX**		
	The prima facie tax payable (benefit) on the profit/(loss) from activities before income tax is reconciled to the income tax expense or benefit as follows:		
	Prima facie income tax payable (benefit) on profit/(loss) from activities before income tax at 30%	(275,118)	(582,542)
	Tax effect of differences:		
	Non assessable items:		
	- Research & Development Tax Offset Refund	(294,586)	(244,866)
	Non allowable items:		
	- Research & Development Tax Offset Claim	372,780	659,241
	- Other non allowable items	2,406	5,453
	Decrease (Increase) in Deferred Tax Asset	(20,901)	(12,732)
	Deferred Tax Assets not brought to account at 30%	215,419	175,446
	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	1,819,701	1,618,022

	Note	Consolidated Group	
		2014	**2013**
		$	**$**
5. CASH AND CASH EQUIVALENTS			
Cash at bank and in hand		3,676,483	1,953,911
Reconciliation of Cash			
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the Statement of Financial Position as follows:			
Cash and cash equivalents		3,676,483	1,953,911
6. TRADE AND OTHER RECEIVABLES			
Current			
Other receivables		13,145	4,414
Goods & Services Tax Receivable		38,233	63,804
		51,378	68,218
7. OTHER CURRENT ASSETS			
Current			
Prepayments		15,714	22,929
8. PROPERTY, PLANT & EQUIPMENT			
Plant & equipment, at cost		12,149	12,149
Accumulated depreciation		(10,220)	(9,322)
		1,929	2,827

(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	2014	2013
Balance at beginning of year	2,827	1,369
Additions	-	2,320
Depreciation Expense	(898)	(862)
Carrying amount at the end of the year	1,929	2,827

9. TRADE AND OTHER PAYABLES	2014	2013
Current		
Trade payables	198,917	463,154

	Consolidated Group	
	2014	2013
	$	$

10. SHARE CAPITAL

43,341,249 (2013: 37,356,010) Fully paid ordinary shares	17,325,513	14,446,597
Ordinary shares		
At the beginning of the reporting period	37,356,010	33,760,010
Shares issued during the year	5,985,239	3,596,000
At reporting date	43,341,249	37,356,010

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. The OIS closed on 13 December 2013.

During the year, the company raised $2,992,620 before share issue costs of $113,704 through the issue of :
- 177,239 ordinary shares at $0.50 per share under the OIS dated 14 November 2012
- 8,000 ordinary shares at $0.50 per share to an overseas investor
- 5,800,000 shares at $0.50 per share to sophisticated investors.

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.

Options

At balance date, share options existed which if exercised would result in the issue of 9,263,250 (2013: 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.

No share options were issued to key management personnel during the financial year.

10. SHARE CAPITAL (continued)

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.

11. 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. No options were issued during the financial year.

12. KEY MANAGEMENT PERSONNEL

Compensation Practices

The totals of remuneration paid to the key management personnel of the Group during the year are as follows:

	Consolidated Group	
	2014	**2013**
	$	**$**
Short term benefits		
Cash fees[1]	$502,112	580,000

Note 1

The cash fees paid are directors fees and consulting fees paid to companies associated with key management personnel for the services provided by key Management Personnel to the Group.

Other key management personnel transactions

Other transactions and balances with key management personnel are disclosed in Note 13.

13. RELATED PARTY TRANSACTIONS

Other transactions with key management personnel

Key management personnel and their associated entities were reimbursed for expenditure incurred in respect of the consolidated group totalling $127,000 excluding GST (2013: $135,955 excluding GST). The amount owed to by the consolidated group in respect to reimbursements due at 30 June 2014 to key management personnel and their associated entities was $13,051 excluding GST (2013: $10,726 excluding GST.)

The amount owed by the consolidated group at 30 June 2014 for directors fees and consulting fees as disclosed at Note 12 was $56,271 excluding GST (2013: $75,833 excluding GST.)

Details of key management personnel compensation are disclosed separately in Note 12.

14. SHARE – BASED PAYMENTS

The following share based payments existed at 30 June 2014:

	2014		2013	
	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	2,520,000	$0..76
Granted	-	-	-	-
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

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.

15. SEGMENT INFORMATION

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

16. INTEREST IN SUBSIDIARY

Set below are details of the directly held subsidiary:

ONCOLOGY RESEARCH ASSOCIATES PTY LTD	**2014**	**2013**
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:

	2014	**2013**
	$	**$**
Assets	-	-
Liabilities	-	-

17. 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 2014.

18. PARENT ENTITY – ONCOLOGY RESEARCH INTERNATIONAL LIMITED

	2014	**2013**
	$	**$**
Parent entity		
Assets		
Current assets	3,743,575	2,045,058
Non-current assets	1,929	2,827
Total assets	3,745,504	2,047,885
Liabilities		
Current liabilities	198,917	463,154
Total liabilities	198,917	463,154
Equity		
Issued capital	17,325,513	14,446,597
Option Reserve	237,540	237,540
Retained earnings	(14,016,466)	(13,099,406)
Financial performance		
Loss for the year	917,060	1,941,806
Other comprehensive income	-	-
Total comprehensive loss	917,060	1,941,806

19. 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 2014.

(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 Statement of Financial Position		Weighted average Effective interest rate	
	2014	2013	2014	2013	2014	2013	2014	2013
(i) Financial assets								
Cash	3,676,483	1,953,911	-	-	3,676,483	1,953,911	2.72%	3.22%
Trade receivables	-	-	51,378	68,218	51,378	68,218	-	-
Prepayments	-	-	15,714	22,929	15,714	22,929	-	-
Total financial assets	3,676,483	1,953,911	67,092	91,147	3,743,575	2,045,058	-	-
(ii) Financial liabilities								
Trade creditors & accruals	-	-	198,917	463,154	198,917	463,154	-	-
Total financial liabilities	-	-	198,917	463,154	198,917	463,154	-	-

Interest rate sensitivity

At 30 June 2014, 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 $29,602 lower/ $20,721 higher (2013 – change of -100/+70 bps: $18,707 lower/ $13,095 higher), mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been $29,602 lower/ $20,721 higher (2013 – change of -100/+70 bps: $18,707 lower/ $13,095 higher) mainly as a result of an increase/decrease in the interest income from cash and cash equivalents.

19. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its 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 its 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 2014	**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	198,917	198,917	-	-	-	-
Financial assets – cash flows realisable						
Cash and cash equivalents	3,676,483	3,676,483	-	-	-	-
Trade and other receivables	67,092	67,092	-	-	-	-

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	-	-	-	-

19. FINANCIAL INSTRUMENTS (continued)

(c) Fair values

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

	Total carrying amount As per balance sheet		Aggregate Fair value	
	2014	2013	2014	2013
Financial assets				
Cash	3,676,483	1,953,911	3,676,483	1,953,911
Prepayments	15,714	22,929	15,714	22,929
Receivables - other debtors	51,378	68,218	51,378	68,218
Total financial assets	3,743,575	2,045,058	3,743,575	2,045,058
Financial liabilities				
Trade creditors & accruals	198,917	463,154	198,917	463,154
Total financial liabilities	198,917	463,154	198,917	463,154

The following methods and assumptions are used to determine the 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: Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.
Trade creditors and accruals are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

(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.

20. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

Details of the reconciliation of cash flows used in operating activities are as follows:

	Consolidated Group	
	2014 $	2013 $
Cash flows used in operating activities		
Loss for the period	(917,060)	(1,941,806)
Adjustment for depreciation	898	862
Selling expenses – Land & Buildings held for resale included in investing activities	-	15,327
Net rental expenses included in investing activities	-	1,228
Change in trade and other receivables	16,840	(19,943)
Change in other current assets	7,215	(4,379)
Change in trade and other payables	(264,237)	195,584
Net cash used in operating activities	(1,156,344)	(1,753,127)

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 9 to 32 are in accordance with the Corporations Act 2001, including:

      i) giving a true and fair view of its financial position as at 30 June 2014 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 16 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 19th day of September 2014

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

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:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date;

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner - Audit & Assurance

Perth, 19 September 2014