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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

30 JUNE 2018

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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CONTENTS

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 2018 and the Independent Auditor's 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 $231,413 (30 June 2017: Loss $ 64,013).

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.

REVIEW OF OPERATIONS

SUMMARY

This Report covers the major activities of the company from January to July 2018: Science & Technology, Business Development and Operations.

The Company has very limited financial resources and over the last 18-24 months has explored a number of potential capital raising opportunities. Our executive team has accepted a reduced remuneration while those fund raising efforts continue. The company cannot continue its technology research and development without adequate funding and securing funding remains the key priority of our company. The Board will keep shareholders updated on fund raising efforts.

Subject to funding the R&D strategy will continue to focus on the development of its novel first-in-class compounds such as ORIL019 for therapeutic use in the emergent field of immuno-oncology.

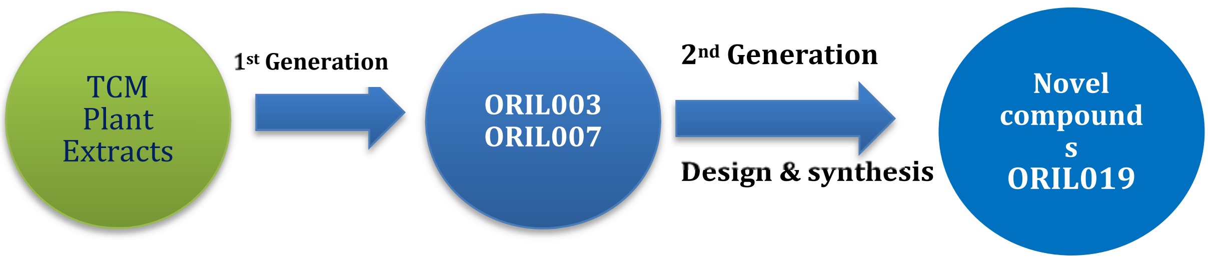
1 SCIENCE & TECHNOLOGY

ORIL's major focus has continued to be the treatment of cancers with high unmet clinical need such as liver, lung, pancreatic, prostate, breast and bowel cancers. Given the growing interest and success by pharma in immuno-oncology ORIL has recognized this change in the market dynamic. Initial data of ORIL's new compounds are encouraging but the lack of funds has restricted the development of this new and innovative technology.

1.1 The Overall R&D Strategy

ORIL identified a naturally-occurring family of steroid saponins found in herbs and plants used in Traditional Chinese Medicine (TCM) which have anti-cancer activity, a novel mode of action and which can potentiate the activity of current chemotherapies in the market. ORIL007 was selected as the lead candidate for oncology based on a large number of criteria and studies that included *in vitro* and *in vivo* potency and efficacy studies, safety and toxicology profile, ease of manufacture for supply, physical and chemical properties for formulation and delivery. Its poor water-solubility, however, has restricted further development or "druggability" and thus the translation into the clinic.

Using the knowledge from the many studies on ORIL007 the compounds were "re-engineered" by ORIL scientists to produce the new 2nd generation compounds including ORIOL019.



The new compounds utilize ORIL's patented method of manufacture of the related steroid saponins and the majority of the CMC section of the IND is therefore applicable for the new agents such as ORIL019. They overcome some of the difficult physico-chemical properties of the naturally occurring compounds (e.g. ORIL003, ORIL007) such as their inherent poor water-solubility awhile retaining potent anti-cancer activity. These compounds have a number of important features:

REVIEW OF OPERATIONS (continued)

- ✓ **New chemical entities** with high-value composition of matter **patents** pending
- ✓ **Potent** against cancer cells
- ✓ Immuno-potentiating for use in **immuno-oncology** in combination with other agents
- ✓ **Improved solubility** (e.g. **water soluble**)
- ✓ Can be administered as an **oral solid dose form** (e.g. powder, tablet capsule etc.)
- ✓ **Safe** and well tolerated
- ✓ Add to **pipeline** of ORIL's platform technology
- ✓ Other (commercially confidential) properties

Importantly these new compounds can also potentiate the immune response and therefore have the potential to enhance the action of immuno-oncology therapies (agents that stimulate the body's own immune system to fight cancer).

A provisional patent application to protect these new agents was filed in February 2017 and the corresponding PCT was filed in February 2018.

1.2 Immuno-oncology

1.2.1 The Immuno-oncology Market

Over the past few years, the majority of the multinational pharma companies have turned their research and development focus to innovative immuno-oncology approaches that harness the natural power of the immune system to combat cancer. Put simply **Immunotherapy** is the treatment of disease by inducing, enhancing, or suppressing an immune response, and an **immuno-oncology (I-O)** drug stimulates the body's own defence systems to action against the invading cancer.

However, not all tumour types respond solely to I-O therapies and experts are now looking to combination therapies that include an immuno-oncology drug. It is expected that combinations will be crucial in extending immuno-oncology beyond a few cancers, and beyond certain patient subgroups. Combining numerous new and old approaches with new I-O agents such as anti-PD-1/PD-L1 agents is logical given that these antibodies are becoming standard treatment in certain populations within certain tumour types.

Indeed, since 2015 there has been an international explosion of clinical studies involving PD-1/PD-L1 in combination with all types of anti-cancer agents including: other immune-oncology agents, chemotherapies, small molecules, therapeutics vaccines and cell therapies.

Given the speed with which immuno-oncology combination studies have proliferated, and the transformational, blockbuster potential of the anti-PD-(L)1 class, there is little to suggest a slowdown in this field.

1.2.2 Role of ORIL Technology in I-O

While naturally occurring saponins have a history of use as immuno-modulators for immunotherapies and saponin-based adjuvants have the ability to modulate the cell mediated immune system and to enhance antibody response, their poor water-solubility and toxicity have also limited their clinical use.
The following graphs show the new generation ORIL compounds retain the anti-cancer activity of earlier ORIL compounds (Figure 1, as expressed as inhibition of cancer cell growth)) while presenting decreased haemolytic activity (Figure 2), a favourable indicator of safety, when compared to a commercial saponin derived from Quillaja.

REVIEW OF OPERATIONS (continued)

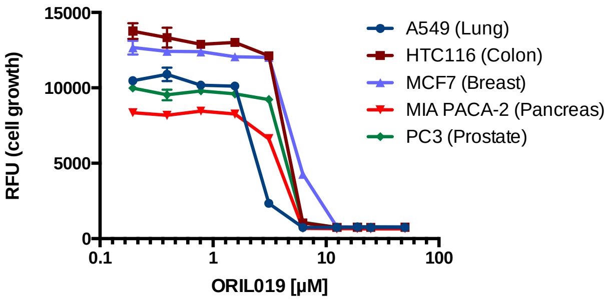


Figure 1

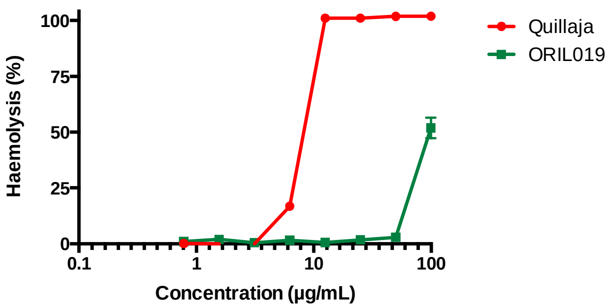
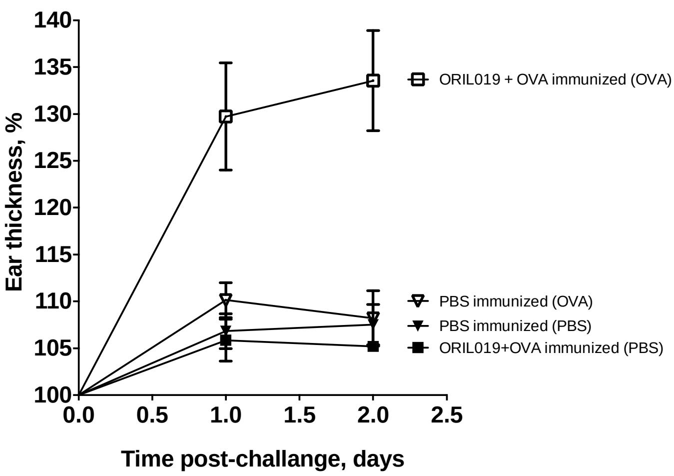


Figure 2

Figure 3 below illustrates the new ORIL compounds have the ability to promote the immune response (in the mouse ear oedema model) and can thus act as adjuvants for T-cell activation in immuno cancer therapy.

Figure 3



ORIL studies performed in xenograft animal models support ORIL019's potential as an enhancer of immune-oncology agents. For example a recent anti-PD-1/ORIL019 combination study[1] performed in the CT-26 animal model[2] yielded the following key results:

a. ORIL019 enhanced the efficacy of the anti-PD-1 antibody as measured by a reduction in tumour size.
b. ORIL019, in combination with an anti-PD-1 antibody, extended the survival of animals in the study
c. ORIL019 increased the number of animals responding to treatment as compared with treatment with the anti-PD-1 antibody alone
d. No adverse side effects were observed as the animals tolerated the treatment with ORIL019 well when administered *via* the oral and parenteral routes.

[1] Confidential data on file

[2] Evans EE et al. Antibody Blockade of Semaphorin 4D Promotes Immune Infiltration into Tumor and Enhances Response to Other Immunomodulatory Therapies. *Cancer Immunol Res*. 2015 Jun;3(6):689-701.

REVIEW OF OPERATIONS (continued)

1.3 Next Steps in Development

While promising, the anti-PD-1/ORIL019 combination study described previously is a preliminary proof-of-concept study that used only one dosing frequency and one dose level of ORIL019 administered either intravenously (i.v.) or orally (p.o.). Further information regarding the pharmacokinetics (PK), pharmacodynamics (PD) and biodistribution (BD) of ORIL019 is required in order to further optimize the dose level and treatment regime. Importantly, the best results were obtained when ORIL019 was administered orally.

The findings are consistent with the potential of ORIL019 to enhance the therapeutic effect of I-O drugs, possibly reducing dosing of these expensive drugs, improving the safety by reducing side-effects and reducing costs. Future studies to develop ORIL019 to IND-ready status will include the PK/PD/BD investigations mentioned above, more extensive dose-finding studies, further *in vivo* combination studies for other indications and the appropriate toxicology studies.

2 IP PORTFOLIO

The following table provides an update of the status of the ORIL family of patents and key assets. During 2017-18 the ORIL Directors took the decision to discontinue some of the patent families - for commercial reasons only.

The table below therefore only shows the status of the active patent families.

Title (Family)	Patent Application No.	Status
Methods and compositions for promoting activity of anti-cancer therapies	PCT/AU2007/001091	Granted in Australia, USA, India, Canada, China, Europe, Eurasia, Mexico, Taiwan and Japan
Improved synthesis of a class of steroid saponins	PCT/AU2013/000416	National Phase Entry November 2014. Granted in Australia, China, Taiwan, Europe, Eurasia
Novel Chemical Entities	2017900427	PCT filed February 2018

The research program is balanced with ORIL's strategy of creating value by protecting its intellectual property through patents where the scientific, business and legal support for such protection are soundly based. The technology remains 100% owned by the Company and available for out-licence.

3 OPERATIONS

The Board of Directors resolved in June 2016 to operate at no fees for the 2016-17 financial year and until ORIL has sufficient funds. This has continued to July 2018.

Since July 1st, 2016 and to maximize the company's opportunities, the CEO and R&D Program Manager continued on company activities on a monthly basis at a reduced fee.

The CEO has continued at significantly reduced rates to maximize the company's opportunities from its science and platform technology. Since September 2017 the invoices for the CEO's fees are accrued until sufficient funds are available for payment.

REVIEW OF OPERATIONS (continued)

In the event that sufficient funds are not raised/available by ORIL to pay any deferred payments the CEO has agreed to not make any claim against the company (ORIL) in respect to deferred invoices. The R&D Program Manager has since taken up full time-employment elsewhere but remains available as a scientific advisor to ORIL.

The company requires AU$2 million in immediate funding for its ongoing operations while it seeks further investment that will enable the translation of its lead candidate to the clinic.

4 BUSINESS DEVELOPMENT

It remains the intention of the company to fully develop and commercialize its assets to their full potential. Valuation of intangible assets is complex and actual valuations would depend on a number of factors including size of pipeline (single vs multiple assets), time of exit, type of exit, market conditions, deal structure, etc. However, some trends and estimates can be gleaned from published historic deal data.

Most deals are done at the pre-clinical stage and small molecules still attracting the vast majority of deals in oncology, albeit the market is fiercely competitive.

ORIL has engaged the services of specialist corporate finance experts in Australia, The Netherlands, UK and the Peoples Republic China. All have a track record of making suitable strategic and/or financial international connections between companies, universities, high net worth investors etc. Over the past 18-24 months a large number of presentations were made to various international companies either directly by an ORIL executive or on behalf of ORIL. Several of these led to the signing of a confidentiality agreement to enable exchange of detailed information and further progression of mutual due diligence.

The agreement with the expert based in the Netherlands has not been renewed and each of the others is based on the success of funds raised.

Numerous other leads and opportunities have been identified and pursued during the past 18 months and include but are not limited to domestic and international groups such as: mid to large Pharma and Biotech companies, Corporations, Family Offices, Foundations, Philanthropists, and Venture Capital Funds. As new opportunities arise these are rigorously pursued by ORIL and/or its agent(s).

To date the company has not been successful in raising the necessary funds. Discussions are still continuing with a number of these entities.

5 THE NEXT FEW MONTHS…….

Ongoing operations are dependent on additional funding. All possible strategies for fund raising opportunity are being explored by the ORIL executive group.

Subject to funding the R&D efforts will continue to concentrate on the development of the new compounds such as ORIL019 in immuno-oncology.

REVIEW OF OPERATIONS (continued)

The Directors are hopeful of attracting investment interest but there is no guarantee and the Directors make no forecast. Our efforts over the past 18-24 months through a number of international sources for funding such as venture capital, investment groups, licence or partnering have not yet been successful.

Following the AGM in November 2017, the Board considered the company's future in December 2017 and again at the Board meetings during January to June 2018. In view of the positive feedback and encouraging investment leads, the Board has decided to continue operating at the minimum level, at least until the outcome of the more promising investment opportunities became clear.

The company continues to monitor the company's financial situation closely and will keep shareholders updated.

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.

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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DIRECTORS' REPORT

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.

UNISSUED SHARES UNDER OPTION

As at the date of this report, there were no unissued ordinary shares of Oncology Research International Limited under option.

No options were issued to Directors and key management personnel as remuneration during the year ended 30 June 2018 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	4	4
P A Marshall	4	4
K M Wayte	4	4

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2011 is included on the following page 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

P A MARSHALL
DIRECTOR

K M WAYTE
DIRECTOR

Dated this 26th day of September 2018

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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 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 26 September 2018

ONCOLOGY RESEARCH INTERNATIONAL LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	Consolidated Group	
		2018	**2017**
		$	**$**
Other revenue	2	28,226	689,613
Depreciation expense		(538)	(936)
Accountancy		(60,025)	(122,350)
Audit fees		(21,000)	(21,000)
Corporate advisory		(300)	(1,500)
Consultancy fees		(45,070)	(248,699)
Legal fees		-	(1,740)
Patents		(80,015)	(137,893)
Research & development	3	(20,656)	(145,232)
Secretarial fees		(7,245)	(19,280)
Travel and accommodation		(7,829)	(18,220)
Other expenses		(16,961)	(36,776)
Loss before income tax		(231,413)	(64,013)
Income tax expense	4	-	-
Loss for the year		(231,413)	(64,013)
Other comprehensive income		-	-
Total comprehensive loss, net of tax, attributable to owners of the parent entity		(231,413)	(64,013)

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 2018

	NOTE	Consolidated Group 2018 $	2017 $
CURRENT ASSETS			
Cash and cash equivalents	5	32,988	106,638
Trade and other receivables	6	30,825	184,406
Other current assets	7	5,490	5,140
TOTAL CURRENT ASSETS		69,303	269,184
NON-CURRENT ASSETS			
Property, plant & equipment	8	933	1,471
TOTAL NON-CURRENT ASSETS		933	1,471
TOTAL ASSETS		70,236	297,655
CURRENT LIABILITIES			
Trade and other payables	9	23,137	69,143
TOTAL CURRENT LIABILITIES		23,137	69,143
TOTAL LIABILITIES		23,137	69,143
NET ASSETS		47,099	228,512
EQUITY			
Share capital	10	17,377,763	17,327,763
Reserves	11	237,540	237,540
Accumulated losses		(17,568,204)	(17,336,791)
TOTAL EQUITY		47,099	228,512

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 2018

	Share Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Consolidated group				
Balance at 1 July 2016	17,327,763	(17,272,778)	237,540	292,525
Loss for the year	-	(64,013)	-	(64,013)
Balance at 30 June 2017	17,327,763	(17,336,791)	237,540	228,512
Loss for the year	-	(231,413)	-	(231,413)
Transactions with owners				
Issue of share capital, net of issue costs	50,000	-	-	50,000
Balance at 30 June 2018	17,377,763	(17,568,204)	237,540	47,099

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 2018

	NOTE	Consolidated Group	
		2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		514	1,670
Goods & Services tax refund		32,807	82,704
Research & Development Tax Offset Refund		169,185	518,886
Payments to suppliers		(326,156)	(899,638)
Net cash used in operating activities	20	(123,650)	(296,378)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		50,000	-
Net cash provided by financing activities		50,000	-
Net increase/(decrease) in cash held		(73,650)	(296,378)
Cash at the beginning of the financial year		106,638	403,016
Cash at the end of the financial year	5	32,988	106,638

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 an unlisted public company incorporated and domiciled in Australia. The registered office of the company is Level 5 45 St Georges Terrace Perth WA 6000. The principal place of business is 40 Redheart Road Carramar WA 6031.

The consolidated financial statements for the year ended 30 June 2018 (including comparatives) were approved and authorised for issue by the board of directors on 26th day of September 2018.

Going Concern

These financial statements have been prepared on a going concern basis which the Directors believe to be appropriate. The Directors are confident that the Group will be able to maintain sufficient levels of working capital to continue as a going concern and continue to pay its debts as and when they fall due.

For the year ended 30 June 2018, the Group incurred a loss before tax of $231,413 (2017: 64,013). For the year ended at 30 June 2018, the Group incurred net operating cash outflows of $123,650 (2017: $296,378).

The going concern of the Group is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to be focused on meeting the Group's business objectives and are mindful of the funding requirements to meet these objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- The current cash of the Group relative to its fixed and discretionary commitments;
- The contingent nature of certain of the Groups' project expenditure commitments;
- The ability of the Group to receive rebates from research and development and other government grants; and
- The underlying prospects for the Group to raise funds.

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Should the Group be unable to undertake the initiatives disclosed above, there is significant uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and amended standards adopted by the Group in this financial report

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Information on the more significant standards is presented below.

AASB 2016-1 ***Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses***

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

The adoption of these amendments has not had a material impact on the Group.

AASB 2016-2 ***Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107***

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of these amendments has not had a material impact on the Group.

Impact of standards issued but not yet applied by the Group

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

AASB 9 ***Financial Instruments***

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 effective date is for annual reporting periods beginning on or after 1 January 2018.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations.

In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

When this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements as the company does not recognise any revenue other than interest received and Research and Development tax offsets.

AASB 16 *Leases*

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations.

In summary, AASB 16:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019.

When this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements as the company has not recognised any operating leases in its financial statements.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

This Standard amends AASB 2 Share-based Payment to address:

- the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The effective date is for annual reporting periods beginning on or after 1 January 2018.

When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

AASB 2017-7 amends AASB 128 Investments in Associates and Joint Ventures to clarify that an entity is required to account for long term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128.

The effective date is for annual reporting periods beginning on or after 1 January 2019.

When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

AASB 2018-1 Annual Improvements to IFRS Standards 2015–2017 Cycle

AASB 2018-1 makes a number of relatively minor amendments to AASB 3 Business Combinations, AASB 111 Joint Arrangements, AASB 112 Income Taxes and AASB 123 Borrowing Costs.

The effective date is for annual reporting periods beginning on or after 1 January 2019

When this interpretation is adopted for the year ending 30 June 2020, there will be no material impact on the financial statements

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 2018. 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (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 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.

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)

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) 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. Development costs not meeting these criteria for capitalisation are expensed as incurred.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

Government and other grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants are not credited directly to shareholders equity.

When the grant relates to an asset, the fair value is credited to deferred income and is released to the profit or loss over the expected useful life of the relevant asset by equal annual installments.

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

(h) 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.

(i) 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.

(j) 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.

(k) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(l) 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.

(m) 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	
		2018	2017
		$	$
2.	**REVENUE**		
	Operating activities		
	- Interest received	496	1,542
	- Research & Development Tax Offset Refund	-	518,886
	- Research & Development Tax Offset Accrual	27,730	169,185
	Total Revenue	28,226	689,613
3.	**LOSS FOR THE YEAR**		
	Expenses		
	- Research & development costs	20,656	145,232
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 27.5% (2017: 27.5%)	(63,638)	(17,603)
	Tax effect of differences:		
	Non assessable items:		
	- Research & Development Tax Offset Refund	(7,626)	(189,220)
	Non allowable items:		
	- Research & Development Tax Offset Claim	17,530	107,122
	- Other non allowable items	164	540
	Decrease (Increase) in Deferred Tax Asset	2,878	9,925
	Deferred Tax Assets not brought to account at 27.5% (2017: 27.5%)	(50,692)	89,236
	Income tax benefit attributable to profit/(loss) from ordinary activities before income tax	-	-
	Potential tax benefit at 27.5% (2017: 27.5%) of unused tax losses for which no Deferred Tax Asset has been recognised	2,230,243	2,176,306

	Consolidated Group	
	2018	2017
	$	$
5. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	32,988	106,638
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	32,988	106,638
6. TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	4	22
Research & Development Tax Offset Receivable	27,730	169,185
Goods & Services Tax Receivable	3,091	15,199
	30,825	184,406
7. OTHER CURRENT ASSETS		
Current		
Prepayments	5,490	5,140
8. PROPERTY, PLANT & EQUIPMENT		
Plant & equipment, at cost	14,513	14,513
Accumulated depreciation	(13,580)	(13,042)
	933	1,471

(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	2018	2017
Balance at beginning of year	1,471	2,407
Additions	-	-
Depreciation Expense	(538)	(936)
Carrying amount at the end of the year	933	1,471

	2018	2017
9. TRADE AND OTHER PAYABLES		
Current		
Trade payables	23,137	69,143

	Consolidated Group	
	2018	**2017**
	$	**$**
10. SHARE CAPITAL		
43,845,749 (2017: 43,345,749) Fully paid ordinary shares	17,377,763	17,327,763
Ordinary shares		
At the beginning of the reporting period	43,345,749	43,345,749
Shares issued during the year	500,000	-
At reporting date	43,845,749	43,345,749

500,000 fully paid ordinary shares at $0.10 per share were issued during the financial year.

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, no share options existed which if exercised would result in the issue of fully paid ordinary shares.

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

No share options expired during the financial year.

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	
	2018	**2017**
	$	**$**
Short term benefits		
Cash fees[1]	19,800	130,000

Note 1

The cash fees paid are consulting fees of $19,800 (2017: $130,000) paid to companies associated with key management personnel for the services provided by key management personnel to the Group. No directors fees were paid during the year (2017: Nil)

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 $9,599 excluding GST (2017: $21,213 excluding GST). The amount owed by the consolidated group in respect to reimbursements due at 30 June 2018 to key management personnel and their associated entities was $43 excluding GST (2017: $277).

No amounts were owed by the consolidated group at 30 June 2018 for consulting fees as disclosed at Note 12 (2017: $11,000 excluding GST.)

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

14. SHARE – BASED PAYMENTS

There were no share based payments existing at 30 June 2018.

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	**2018**	**2017**
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 Limited 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:

	2018	**2017**
	$	**$**
Assets	-	-
Liabilities	-	-

17. COMMITMENTS AND CONTINGENT LIABILITIES

During the reporting period Pharmchem Technical Services Pty Ltd (a Director related entity) provided consultancy services to the company.

No provision has been made in these financial statements for the amount of $91,500 (GST inclusive) in relation to the services provided by Pharmchem Technical Services Pty Ltd as no amount is payable unless the company raises sufficient funding subsequent to report date. If no funding is raised by the company, Pharmchem Technical Services has agreed that no claim will be made against the company.

There was no other outstanding commitments or contingent liabilities not provided for in the financial statements of the consolidated group as at 30 June 2018.

18. PARENT ENTITY – ONCOLOGY RESEARCH INTERNATIONAL LIMITED

	2018	2017
	$	$
Parent entity		
Assets		
Current assets	69,303	296,184
Non-current assets	933	1,471
Total assets	70,236	297,655
Liabilities		
Current liabilities	23,137	69,143
Total liabilities	23,137	69,143
Equity		
Issued capital	17,377,763	17,327,763
Option Reserve	237,540	237,540
Retained earnings	(17,568,204)	(17,336,791)
Financial performance		
Loss for the year	231,413	64,013
Other comprehensive income	-	-
Total comprehensive loss	231,413	64,013

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 2018.

(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.

19. FINANCIAL INSTRUMENTS (continued)

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	
	2018	2017	2018	2017	2018	2017	2018	2017
(i) Financial assets								
Cash	32,988	106,638	-	-	32,988	106,638	0.23%	0.73%
Trade receivables	-	-	30,825	184,406	30,825	184,406	-	-
Prepayments	-	-	5,490	5,140	5,490	5,140	-	-
Total financial assets	32,988	106,638	36,315	189,546	69,303	296,184	-	-
(ii) Financial liabilities								
Trade creditors & accruals	-	-	23,137	69,143	23,137	69,143	-	-
Total financial liabilities		-	23,137	69,143	23,137	69,143	-	-

Interest rate sensitivity

At 30 June 2018, 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 $497 lower/ $1,543 higher (2017 – change of -100/+70 bps: $1,542 lower/ $1,484 higher), mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been $497 lower/ $1,543 higher (2017 – change of -100/+70 bps: $1,542 lower/ $1,484 higher) mainly as a result of an increase/decrease in the interest income from cash and cash equivalents.

(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.

19. FINANCIAL INSTRUMENTS (continued)

Financial liability and financial asset maturity analysis

30 June 2018	**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	23,137	23,137	-	-	-	-
Financial assets – cash flows realisable						
Cash and cash equivalents	32,988	32,988	-	-	-	-
Trade and other receivables	30,825	3,095	27,730	-	-	-

30 June 2017	**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	69,143	69,143	-	-	-	-
Financial assets – cash flows realisable						
Cash and cash equivalents	106,638	106,638	-	-	-	-
Trade and other receivables	184,406	184,406	-	-	-	-

(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**	
	2018	**2017**	**2018**	**2017**
Financial assets				
Cash	32,988	106,638	32,988	106,638
Prepayments	5,490	5,140	5,490	5,140
Receivables - other debtors	30,825	184,406	30,825	184,406
Total financial assets	69,303	296,184	69,303	296,184
Financial liabilities				
Trade creditors & accruals	23,137	69,143	23,137	69,143
Total financial liabilities	23,137	69,143	23,137	69,143

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

Recognised financial instruments

Cash: The carrying amount equals 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.

19. FINANCIAL INSTRUMENTS (continued)

(d) 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	
	2018	**2017**
	$	**$**
Cash flows used in operating activities		
Loss for the period	(231,413)	(64,013)
Adjustment for depreciation	538	936
Change in trade and other receivables	153,581	(152,829)
Change in other current assets	(350)	3,674
Change in trade and other payables	(46,006)	(84,146)
Net cash used in operating activities	(123,650)	(296,378)

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 IT'S 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 10 to 30 are in accordance with the Corporations Act 2001, including:

      i) giving a true and fair view of its financial position as at 30 June 2018 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 26th day of September 2018

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Independent Auditor's Report

To the Members of Oncology Research International Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Oncology Research International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of $231,413 during the year ended 30 June 2018, and cash outflows from operating activities of $123,650. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 26 September 2018